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Daily Report
East Asia

FBIS-EAS-96-027 CONTENTS *8 February 1996*

NOTICE: An * indicates material not disseminated in electronic form.

NORTHEAST ASIA

Japan

Japan: Joint Accord With U.S. To Stress Ties in Five Fields *[TOKYO SHIMBUN 4 Feb]* 1
Japan: Ex-Foreign Minister Meets British Defense Secretary *[SANKEI SHIMBUN 6 Feb]* 1
Japan: Group Expected To File Suit Against U.S. Over Aircraft Noise *[KYODO]* 1
Japan: Editorial Comments on Base Issue in Okinawa *[RYUKYU SHIMPO 4 Feb]* 2
Japan: Kajiyama Meets With Lake, Discusses Fuel Oil for DPRK *[KYODO]* 3
Japan: Envoy to KEDO Backs U.S. Request on Oil Grant Payments *[TOKYO SHIMBUN 7 Feb]* 4
Japan: White Paper on Semiconductor 'Arrangement' *[Electronic Industries Association of Japan WWW]* 4
Japan: Official on Holding Companies, Semiconductor Accord *[KYODO]* 8
Tokyo Likely To Ratify UN Sea Law Convention 16 Feb *[KYODO]* 8
Japan: Coalition Team Slated To Meet ROK President 12 Feb *[KYODO]* 9
Japan: Hashimoto To Discuss Disputed Isle With ROK *[KYODO]* 9
Japan: 'Sources' Say ROK Begins Construction Work on Disputed Island *[KYODO]* 9
Japan: Official Says Disputed Island 'Integral Part of Japan' *[KYODO]* 9
Japan: Hiroshima Linked by Air With Shanghai, Xian *[KYODO]* 10
Japan: Osaka-Ulaanbaator Air Route Slated Open 27 Apr *[KYODO]* 10
Tokyo Decides To Deregulate Pensions To 'Buoy' World Finance Markets *[KYODO]* 10
Japan: MOF Eases Further on Overseas Investment, Loans *[KYODO]* 11
Japan: Hashimoto Says Market Counting on Public Funds for 'Jusen' *[KYODO]* 11
Tokyo Considering Greater Burden on 'Jusen' Founders *[KYODO]* 11
Tokyo Decides on Bill To Dispose of 'Jusen' Loans *[KYODO]* 12
Japan: Coalition To Delay Submitting Holding Company Bill *[KYODO]* 12
Japan: Bill on Agenda To Stop Gangs Blocking Loan Recovery *[KYODO]* 13
Japan: Hashimoto on Potential Reorganization of MOF *[KYODO]* 13
Japan: Kubo Wants To Show Basic View on MOF by Mar *[KYODO]* 14
Japan: Coalition Remains 'Split' Over Ban on Holding Companies *[KYODO]* 14
Japan: NFP Boycotts Diet Debate Over 'Jusen' Issue *[KYODO]* 15
Japan: Hashimoto Discloses Donation From Another 'Jusen' Debtor *[KYODO]* 15
Japan: Companies To Donate Y35 Million To Pay LDP Debts *[KYODO]* 15
Japan: NTT President Kojima Challenges Breakup Plan *[KYODO]* 16
Japan: NTT Likely Permitted To Join in International Busisness *[MAINICHI SHIMBUN 5 Feb]* 16
Japan: Council 'Not To Vacillate' on NTT Split *[KYODO]* 17
Japan: KDD Chief Balks at NTT Entry Into International Market *[KYODO]* 17
Japan: NEC Develops High-Speed Chip for Portable Devices *[KYODO]* 17
Japan: Nippon Sheet Glass To Set Up Joint Venture in PRC *[KYODO]* 18

North Korea

DPRK: U.S. To Donate $2 Million for Flood Damage *[KCNA]* 18
DPRK: MINJU CHOSON Urges U.S. To Discontinue 'Acts for War' *[KCNA]* 18
DPRK: KCNA Decries ROK Army for Taking 'Combat Positions' in DMZ 19
DPRK: ROK Minister's Remarks on 'Threat From the North' Denounced *[Pyongyang Radio]* 19
DPRK: NODONG SINMUN Denounces 'Social Calamities' in South Korea *[KCNA]* 20

Cambodia: Co-Prime Ministers Accused of Arranging for Log Exports *[CHAKKRAVAL 28 Jan]* 40
Cambodia: Paper Says Rangsi's KNP in 'Serious Distress' *[CHAKKRAVAL 26 Jan]* 40
Cambodia: Ranariddh Said Not To Plan Involvement in 1998 Elections *[CHAKKRAVAL 26 Jan]* 40

Indonesia

Indonesia: Nine East Timorese Seek Asylum in Australian Embassy *[AFP]* 41
Indonesia: Military Operation 'Still Possible' To Free Hostages *[REPUBLIKA 8 Feb]* 41
Indonesia: Bad Weather Hampers Rescue of Irian Jaya Hostages *[AFP]* 42
Indonesia: East Timor CNRM Calls For Release of Irian Jaya Hostages *[SEASIA Listserv]* 42
Indonesia: Military Confirms Purchase of French Mistral Missiles *[ANTARA]* 43
Indonesia: Alatas Confirms Suharto Not To Visit Taiwan *[ANTARA]* 43

Philippines

Philippines: Immigration Confirms Tamil Rebels Operation in Manila *[PHILIPPINE DAILY INQUIRER 3 Feb]* 43
Philippines: Official: Manila Wants EEZ Under ASEAN Nuclear Ban *[MALAYA 5 Feb]* 44
Philippines: Diplomatic Relations With Bosnia-Herzegovina Established *[PHILIPPINE DAILY INQUIRER 3 Feb]* 44
Philippines: Muslim Rebels Burn 72 Houses in North Cotabato *[Quezon City Radio-TV]* 44
Philippines: Armed Forces Deployed in North Cotabato To Track MILF *[Quezon City Radio-TV]* 45
Philippines: Police, Military Increase Security Training for APEC *[MANILA STANDARD 5 Feb]* 45
Philippines: Senior APEC Officials To Decide on New Members This Week *[BUSINESS WORLD 8 Feb]* 45
Philippines: Senior APEC Officials Begin First Meeting *[MANILA BULLETIN 8 Feb]* 46
Philippines: Air Force To Develop Aircraft-Manufacturing Industry *[MANILA STANDARD 3 Feb]* 46
Philippines: Officials Laud Economic Growth in 1995 *[PHILIPPINE DAILY INQUIRER 3 Feb]* 47

Thailand

Thailand: Air Force Ready To Switch to Mirage if F-18 Deal Fails *[THAILAND TIMES 8 Feb]* 47
Thailand: Foreign Activists Face Arrest at ASEM Forum *[THAILAND TIMES 8 Feb]* 48
Thailand: Cambodia's Sar Kheng To Visit 19 Feb *[THE NATION 8 Feb]* 49
Thailand: Foreign Minister: Banhan 'Likely' To Visit Burma in Mar *[THE NATION 8 Feb]* 49
Thailand: No Ministerial Meeting Planned at Asia-Europe Summit *[Bangkok Radio]* 50
Thailand: Ministry Approves Aviation Deal With Burma *[THE SUNDAY POST 4 Feb]* 50
Thailand: Military Leaders Dismiss Possibilities of Coup *[BANGKOK POST 8 Feb]* 50
Thailand: Army Requests Funds for 50,000 New Assault Rifles *[BANGKOK POST 3 Feb]* 51
Thailand: Government Receives 'Mediocre Scores' in Nationwide Survey *[BUSINESS DAY 3 Feb]* 51

Vietnam

SRV: An Giang Border Defense Force Arrests 'Reactionaries' *[Hanoi Radio]* 52
SRV: Burma Requests Hanoi Support for ASEAN Observer *[VNA]* 53
SRV: Activities of Portuguese Communist Leader Reported *[VNA]* 53
SRV: Radio Previews Vietnam-India Intergovernmental Meeting *[Hanoi International]* 53
SRV: Binh Dinh Province Starts Printing NHAN DAN Newspaper *[NHAN DAN 4 Feb]* 54
SRV: Paper Urges Closer Control Over Budget Spending *[NHAN DAN 12 Jan]* 54

DPRK: NODONG SINMUN Warns of Imperialists' 'Camouflage' *[KCNA]* 20
DPRK: Talk Denounces 'Nation-Selling' Acts of Kim Yong-sam *[Pyongyang Radio]* 21
DPRK: Koreans in Japan Denounce Suppression of Pomminnyon in ROK *[KCNA]* 22
DPRK: Chongnyon Expresses Support for Initiative of Joint Meeting *[KCNA]* 22
DPRK: Various Groups Urge Japan To Reflect on WWII 'Crimes' *[KCNA]* 23
DPRK: PRC's CPC Delegation Visits Kumsusan Memorial Palace *[KCNA]* 23
DPRK: Kim Chong-il Thanks Officials, Workers for Helping Army *[KCNA]* 23
DPRK: Delegation Departs for Kim Chong-il Celebrations in Ukraine *[KCNA]* 24
DPRK: Groups in Pusan To Celebrate Kim Chong-il's Birthday *[KCNA]* 24
DPRK: Daily Views Kim Chong-il's Work on Revolutionary Literature *[KCNA]* 24
DPRK: Working People Pay Tribute to Kim Il-song at Kumsusan *[KCNA]* 25
DPRK: National Meeting Marks Chondoist Chongu Party Founding *[KCNA]* 25
DPRK: Chondoist Chongu Party Supports Joint Meeting Initiative *[KCNA]* 25

South Korea

ROK: Lake: U.S. To Continue to Maintain Troops in Asia-Pacific *[YONHAP]* 26
ROK: Daily Views Cancellation of Clinton Trip, U.S. Aid to DPRK *[CHUNGANG ILBO 7 Feb]* 26
ROK: Taegu Reportedly Indicts U.S. Soldier for Attempted Rape *[HANGUK ILBO 7 Feb]* 27
ROK: USFK Denies Soldier Turned Over to Taegu Prosecutor *[YONHAP]* 27
ROK: USFK Rejects Request To Move Camp Hialeah From Pusan *[THE KOREA TIMES 6 Feb]* 27
ROK: Daily Views DPRK 'Double-Dealing' With U.S. *[TONG-A ILBO 4 Feb]* 28
ROK: U.S. Restrictions on DPRK Diplomats' Travel 'Mere Formality' *[CHOSON ILBO 5 Feb]* 29
ROK: DPRK Reportedly Summons Envoy to Zambia Over Defections *[CHOSON ILBO 6 Feb]* 29
ROK: Council Discusses Measures For Accommodating DPRK Defectors *[CHOSON ILBO 7 Feb]* 29
ROK: Ministry To Exert 'Flexibility' on DPRK's Foreign Relations *[THE KOREA TIMES 8 Feb]* 30
ROK: Defense Ministry Cancels Joint Exercise Near Tokto Island *[Seoul Radio]* 30
ROK: Foreign Ministry: Tokdo Construction for 'Supply of Goods' *[YONHAP]* 31
ROK To Provide KEDO With $6 Million for LWR Project *[CHUNGANG ILBO 8 Feb]* 31
ROK: UN Report on Comfort Women Compensation 'Awkward' for ROK *[YONHAP]* 31
ROK: Newly-Appointed Ambassador to Beijing To Depart 9 Feb *[YONHAP]* 32
ROK: Military Pacts With Canada, Russia, Romania Planned *[THE KOREA TIMES 4 Feb]* 33
ROK: Kim Yong-sam Hosts Luncheon for Financial Institution Heads *[YONHAP]* 33
ROK: Kim Yong-sam Presents Letters of Nomination to Party Nominees *[YONHAP]* 33
ROK: Kim Tae-chung 'Nervous' About Assembly Elections *[THE KOREA TIMES 6 Feb]* 34
ROK: Seoul Politician Arrested for Election Law Violation *[YONHAP]* 34
ROK: Court Rejects Police Request for Warrant Against Ward Chief *[YONHAP]* 34
ROK: Former Finance Minister Convicted of Bribery *[YONHAP]* 35
ROK: Kim Chong-suk Fills NKP National Assembly Seat *[YONHAP]* 35

SOUTHEAST ASIA

Cambodia

Cambodia: Broadcaster's Shooting Believed Politically Motivated *[AFP]* 36
Cambodia: Details of 7 Feb Cabinet Meeting on SRV Dispute Reported *[Phnom Penh Radio]* 36
Cambodia: Khmer Nation Party Condemns Vietnamese 'Invasion' *[SAMLENG YUVEAKCHON KHMER 1-2 Feb]* 36
Cambodia: Khmer Rouge Minister on Immigration Law *[Radio PGNUNS]* 37
Cambodia: Hun Sen Chairs Cabinet Meeting 7 Feb *[Phnom Penh Radio]* 39
Cambodia: KRAF's Offensive on Northwest Front Detailed *[REAKSMEI KAMPUCHEA 8 Feb]* 39
Cambodia: Rangsi To Form Team To Check Wealth of Hun Sen, Others *[MONEAKSEKA KHMER 30-31 Jan]* 39

SRV: Oil Industry Sets Goal of 20 Million Tonnes by 2000 *[Hanoi International]* 55

AUSTRALASIA

Australia

Australia: BHP To Pass on Iranian Pipeline Deal Under U.S. Pressure *[THE AUSTRALIAN FINANCIAL REVIEW 8 Feb]* 56

Japan

Japan: Joint Accord With U.S. To Stress Ties in Five Fields

OW0802012596 Tokyo TOKYO SHIMBUN in Japanese 4 Feb 96 Evening Edition p 2

[FBIS Translated Text] Prime Minister Ryutaro Hashimoto is expected to hold Japan-U.S. summit talks with U.S. President Bill Clinton during Clinton's visit to Japan scheduled for April, and they are expected to reach an accord on strengthening the Japan-U.S. cooperative relations in five fields. This has been disclosed by a plural number of sources at the Ministry of Foreign Affairs [MOFA].

The five fields are: 1) maintenance of the Japan-U.S. security arrangements as well as realignment, consolidation and reduction of U.S. military bases in Okinawa; 2) close policy coordination on major international issues such as the reform of the United Nations; 3) trade and economic issues; 4) global issues connected with the environment, population and AIDS; and 5) personnel exchanges focussing on the exchanges of the younger generation. During the president's visit to Japan, the Japanese and U.S. Governments will issue a Japan-U.S. joint document (the Joint Statement) on such issues as the Japan-U.S. Security Treaty and U.S. military bases.

In connection with the other four fields, the Japanese Government is now studying the possibility of separately issuing a Japan-U.S. Joint Statement. However, since it is most likely that coordination on expressions regarding the trade and economic issues will meet difficulties, some government officials hold that the two leaders should merely issue a press release.

The two top leaders will agree on strengthening cooperative relations in five fields because there is a growing concern on the Japanese side that "while extensive relations actually exist between Japan and the United States, excessive attention is now concentrated on those issues connected with the Japan-U.S. security arrangement and U.S. military bases," (as stated by a MOFA source.) The U.S. side shares basically the same idea with the Japanese side that importance should be attached "to the development of the Japan-U.S. relations while maintaining a balance in various fields."

On the other hand, if the Joint Statement should cover various fields for cooperation other than the issues connected with the security arrangement and military bases, there will arise a question as to how trade and economic issues should be handled. While the United States demands that there should be progress in the talks — prior to the president's visit to Japan — on such issues as the air cargo, insurance, semiconductors and photographic films, Japan maintains that U.S. demands concerning semiconductors and photographic films are unacceptable.

Japan: Ex-Foreign Minister Meets British Defense Secretary

OW0802093896 Tokyo SANKEI SHIMBUN in Japanese 6 Feb 96 Evening Edition p 4

[By Shubin Nozu]

[FBIS Translated Text] London, 5 Feb — A survey team of the ruling coalition parties on security issues (a survey team on U.S. military bases in Okinawa) is currently visiting Great Britain on an inspection tour of U.S. military bases in Europe. Former Foreign Minister Taro Nakamura, head of the team, met with a group of Japanese reporters on 5 February and said: "It will be necessary to request that flights on the U.S. military bases in Okinawa be limited to a certain extent, as is done on U.S. bases in Europe."

On 5 February, former Foreign Minister Nakayama held talks with British Defense Secretary Michael Portillo. At the talks, Secretary Portillo said that in Great Britain, "U.S. military bases are regarded as existing within the British military bases." In this way, he stated that the general public do not feel any differences between British and U.S. military bases.

Moreover, touching on the deployment of 100,000 U.S. troops each in Europe and Asia, Defense Secretary Portillo said: "The deployment has contributed to maintaining global peace," thereby stressing the need to maintain the U.S. military presence at the current level.

Japan: Group Expected To File Suit Against U.S. Over Aircraft Noise

OW0802071896 Tokyo KYODO in English 0703 GMT 8 Feb 96

[FBIS Transcribed Text] Tokyo, Feb. 8 KYODO — Citizens from 10 municipalities near the U.S. Air Force base at Yokota in western Tokyo plan to demand compensation from Japan and the United States for late night aircraft noise and a halt to late night flights, organizers said Thursday [8 February].

The organizers of the new protest group, to be launched Sunday with some 2,000 members, plan to file a suit during U.S. President Bill Clinton's state visit to Tokyo in April.

Previous decisions by the Japanese high courts and Supreme Court have rejected demands for an end to the late night flights, but protesters have had some success suing for reductions of the noise from the aircraft.

This will be the first time for a Japanese group to sue the U.S. Government over the noise caused by its military aircraft.

The organizers stressed that it is possible to file suit against governments of other countries to get them to halt "illegal activities such as pollution," citing the case of Greenpeace International's demand for compensation after France sank one of its vessels.

Three different suits have been filed against Yokota Air Base and in March 1994 the Tokyo high court awarded 520 million yen in compensation to the plaintiffs for the suffering caused by the noise from aircraft taking off and landing at the base early in the morning or later at night.

One of the new group's organizers alleged Thursday that even though the U.S. has agreed to halt flights between 10 P.M. and 6 A.M., a number of flights continue to take off and land before and after the the agreed-upon times.

The group plans to demand the flights be banned from 9 P.M. to 7 A.M., the organizers said.

Japan: Editorial Comments on Base Issue in Okinawa

OW0802084896 Naha RYUKYU SHIMPO in Japanese 4 Feb 96 Morning Edition p 5

[Editorial: "Opportunity To Settle 'Base' Issue Found 51 Years After the War"]

[FBIS Translated Text] Much information about the issue of U.S. bases on Okinawa is tangled up together.

The central government and the United States have been making insecure remarks since last year, not to mention a lack of consistency. This is not all. Although some of the news on requests and exchanges of opinions made by the prefectural assembly delegation to the United States show good signs for settlement of the base issue, some others pour cold water on the prefectural people's expectations.

Meanwhile, the ruling parties' survey team for the investigation of base issues in Okinawa reportedly firmed up its policy designed to sound out, at a meeting which will be held on both 7 and 8 February with members of the U.S. Congress, the possibility of removing major U.S. troops in Okinawa to the United States or reducing the 47,000-member system of the U.S. Forces in Japan [USFJ]. This is hot news which is difficult to believe judging from the government's policies in the past. But, as usual, the Ministry of Foreign Affairs [MOFA] poured cold water again on the survey team's decision and the chairman of the Joint Staff Council expressed opposition to the decision.

Even officials of both Japan and the United States are also making insecure remarks over the base issues in Okinawa. This indicates the fact that a growing number of people are of the view that simply attaching importance to the policy of firmly maintaining the Japan-U.S. security arrangement, is not an answer to settlement of the issue. Under the Japan-U.S. security system, the Okinawan issue has been encased in concrete. But the prefectural people and the public opinion put a crack on the concrete. The government is forced to encase the issue in concrete again. This is an opportunity Okinawa has obtained for the first time in 51 years after the war ended.

Will the government no longer need to encase the issue in concrete after 2015? What will happen to the base issues? The situation is changeable. Strength of the prefectural people — including subjectivity [shutaisei], wisdom, and capability — are yet to be tested.

Rusted "Key of Cold War Era"

What the prefectural assembly mission is aiming to realize boils down to the following four points: 1) Thoroughly enforce education and discipline among U.S. servicemen and civilians and eradication of crimes; 2) complete compensation to victims of incidents or accidents caused by U.S. servicemen and other people; 3) early reorganization and reduction of U.S. military bases on Okinawa; and 4) early revision of the Japan-U.S. Status of Forces Agreement. These are the contents of a resolution, which all political parties approved at an extraordinary prefectural assembly session. At the same time, they were also adopted by the prefectural people at the prefectural people's general rally held on 21 October 1995.

After all, the issue of reorganizing and reducing the military bases is the largest pending problem of the four.

This issue has been treated as a cornerstone of the Japan-U.S. security system. As the redefinition of the security treaty clearly indicates, it has also been treated at the same time as an important diplomatic task of Japan and the United States that has an influence on U.S. strategies in Far East, Asia, or the world. The issue is involved in an important tasks that shakes the foundation of post-war politics over such issues as conformity with the spirit of the Japanese Constitution, equality under the law, autonomy and democracy, and security of human rights. At the same time, the issue has been treated less important than the policy of attaching importance to Japan-U.S. relations and firmly maintaining the Japan-U.S. security system. It can be said that to both governments of Japan and the United States, an attempt to listen to and show sympathy toward the prefectural people's outcry was tantamount to opening "Pandora's box."

Nevertheless, the prefectural people's outcry opened Pandora's box. The outcry reached the ears of people in other prefectures and other countries, to say nothing about Okinawa Prefecture itself. The biggest reason for it might have been the fact that the prefectural people's call for peace, freedom, equality, human rights, and friendship was too good to be kept in a Pandora's box. Another thing we just cannot ignore is the fact that both governments tried to contain the voices of the prefectural people by using an outdated and rusty "key of Cold War era."

Concentration of Political, Official, Financial, and Private Wisdom Needed

It can be said that a handful of Japanese and American officials, belatedly, have begun to realize the need to rewrite the scenario for the anachronistic drama being played in Okinawa. We hope this a change will also be seen in the reactions of U.S. officials to the prefectural assembly mission, and also in the attitude of the ruling parties.

Discussions between Japan and the United States, and the central government and Okinawa — including the Japan-U.S. special action committee, the Council on U.S. Base Facilities in Okinawa, and meetings between Prime Minister Hashimoto and Governor Ota — will pick up momentum as President Clinton's April visit to Japan and the Japan-U.S summit talks draw near. However, submission of a concrete plan, which reflects the determination of the 1.27 million people of the prefecture to construct a peaceful island, will ultimately become a point of contention.

On 30 January the prefectural government made a "CI [expansion not known] declaration" which had "resounding life" as its key theme, and said that newborn [shinsei] Okinawa would liquidate the post-war era and create a new century for mankind.

"Peace, coexistence, and self-reliance" were introduced as keywords in the declaration. The prefectural government also launched the "concept for the formation and improvement of international urban communities" for the future of Okinawa. It also announced a three-stage "action program for the return of military bases" by 2015.

We can say that this is the only tentative plan that includes concrete ideas for the future of "Okinawa." Needless to say, the plan should be the subject of extensive discussions by prefectural people. During discussion, people may call for the inspection or revision of the action program. Moreover, people will be allowed to express opposition to the action program or make alternative proposals. Either way, the ability of the people of Okinawa to prepare a blueprint for the creation of an Okinawa without military bases has yet to be tested, to say nothing of the rights and wrongs of the plan to bring the administrative proposal to the national level. We need to prepare a blueprint that will reflect the collective will of the prefectural people. Naturally, there is a limit to administrative leadership. What we need now more than anything else is to concentrate the wisdom and strength of the Okinawan people — including political party members, specialists from universities, officials from industrial and economic circles, private citizens, and representatives of the Association of Landowners.

Japan: Kajiyama Meets With Lake, Discusses Fuel Oil for DPRK

OW0802060296 Tokyo KYODO in English 0446 GMT 8 Feb 96

[FBIS Transcribed Text] Tokyo, Feb. 8 KYODO — Japan is likely to foot the bill for fuel oil to be granted to North Korea in February and March in response to a U.S. request, a top government spokesman said Thursday [8 February].

Chief Cabinet Secretary Seiroku Kajiyama said he told U.S. White House National Security Adviser Anthony Lake, who visited Kajiyama in the morning, that both Prime Minister Ryutaro Hashimoto and Foreign Minister Yukihiko Ikeda will deal with the issue as a "temporary" and "exceptional" one.

Lake stressed the importance of the Korean peninsula Energy Development Organization (KEDO), an international consortium to implement the October 1994 nuclear deal between North Korea and the United States to provide Pyongyang with two modern light-water reactors and fuel oil, Kajiyama told a press conference.

U.S. Ambassador to Japan Walter Mondale has urged Japan to contribute $12 million to pay for the fuel oil shipment to North Korea this month, claiming the current budget battle in Washington will not be resolved in time to pay for the oil.

The U.S. is to provide free of charge 500,000 tons of fuel oil, worth $50 million, to North Korea each year to cover its energy needs until the two light-water reactors are built in North Korea.

Lake told Kajiyama that the suspected nuclear weapons development is a serious issue in Northeast Asia and must be checked, urging Japan and the U.S. to cooperate for that purpose.

Government sources said Wednesday Japan is planning to offer $12 million for the fuel oil assistance by setting aside the expenditure in the budget.

Japan: Envoy to KEDO Backs U.S. Request on Oil Grant Payments

OW0802115996 Tokyo TOKYO SHIMBUN in Japanese 7 Feb 96 Morning Edition p 3

[FBIS Translated Text] Tetsuya Endo, ambassador to the Korean Peninsula Energy Development Organization [KEDO], clearly said Japan should fully comply with the U.S. request for preparing a "stopgap fund" for covering the U.S. share of KEDO's heavy oil grant to the DPRK until the Congress approves the budget for the next fiscal year.

During a 6 February interview with TOKYO SHIMBUN, Endo said: "The KEDO-DPRK relations scheme will be ruined if KEDO fails to provide the heavy oil aid. Japan should cover the U.S. share as a stopgap measure."

The United States has requested that Japan provide $12-million (approximately 1.2 billion yen) as a "stopgap fund" to cover the U.S. share for February and March. In October and December 1995, the United States had to buy the aid oil "on credit." Japan's burden may further expand if it has to cover the unpaid credit too.

Endo noted, even after settling the financial problem of the United States, the heavy oil aid to the DPRK will cost KEDO $50 million (approximately 5 billion yen) annually for the next 10 years. In this regard, Endo stressed: "We should seek contributions from European nations, ASEAN, Australia, Canada, and some other nations." He then noted that KEDO members should take flexible attitudes toward Europe's demand for "participation in KEDO's decisionmaking process."

Regarding Japan's share in the construction of light-water reactors, which is expected to cost some $4 billion (approximately 400 billion yen), Endo said "a rough estimate of construction costs will be prepared in the middle of this year, and Japan will appropriate the budget starting in FY97."

On the significance of Japan's financial contribution to KEDO, Endo said: "The money is for settling the problem of the DPRK's nuclear weapons development, and is for Japan's security. In addition, it will pave the way for normalization talks between Japan and the DPRK."

Japan: White Paper on Semiconductor 'Arrangement'

OW0802024696 (Internet) Electronic Industries Association of Japan WWW in English Feb 96 (Tentative)

[Electronic Industries Association of Japan (EIAJ) "White Paper" entitled: "Mission Accomplished: Why a Semiconductor Arrangement Is No Longer Needed"; for charts, see EIAJ home page on semiconductors at http://www.eiaj.org/semiconductor/home.html]

[FBIS Transcribed Text] [Topics of Discussion]

Overview
Fulfillment of the Arrangement's Objectives
Changes in the Global Semiconductor Industry
Changes in the Demand Structure of the Japanese Market
The Increase in American Competitiveness
The Booming U.S. Semiconductor Industry
Business-based Cooperative Activities
Worldwide Investment Patterns
Absence of Dumping
Development of the Global Trading System
Conclusion

MISSION ACCOMPLISHED: WHY THERE IS NO NEED FOR A SEMICONDUCTOR ARRANGEMENT WITH JAPAN

Overview

It has been nearly 10 years since the first U.S.-Japan Semiconductor Arrangement was concluded in 1986. During this period, the world semiconductor industry has changed dramatically. Japanese companies are working hand in hand with foreign partners in all aspects of the semiconductor business, from joint research and development, production and marketing to the design-in of custom chips into Japanese electronic products. In the new global semiconductor business environment, competitive foreign-based semiconductors are now firmly established in the Japanese market.

As anticipated by the parties, the Arrangement expires by its terms on July 31, 1996. The objectives of the Arrangement — increased market access opportunities for foreign suppliers and the avoidance of dumping — have been fully achieved. Foreign market share in Japan has exceeded the U.S. industry's 20% expectation for the past 2 years. Long term relationships between Japanese and foreign semiconductor companies have been established.

Consequently, foreign semiconductor companies are achieving record-breaking sales in Japan, taking full advantage of increased market access opportunities. In addition, all concerns of Japanese dumping have been completely silenced; no charges have been made under the current Semiconductor Arrangement and there is no indication that semiconductor dumping continues or threatens to occur.

The Semiconductor Arrangement was designed as a temporary measure to address specific complaints of the U.S. industry set out in a petition filed in 1985 under Section 301 of the Trade Act of 1974, as amended. Since the purposes of the Arrangement have now been achieved and these complaints addressed, the Electronic Industries Association of Japan (EIAJ) is convinced that the Arrangement should expire as scheduled and that no further governmental intervention in the semiconductor marketplace is warranted.

Fulfillment of the Arrangement's Objectives

The objectives of the Arrangement have been achieved in full. Foreign semiconductors have been incorporated as indispensable components in a wide variety of products manufactured in Japan. Foreign market share, hovering at 8.5 percent in 1985, hit 20 percent (identified in the Arrangement as the expectation of the U.S. semiconductor industry) for the first time in the fourth quarter of 1992 and has exceeded 20 percent throughout 1994 and 1995 [see chart].

Foreign sales in Japan, another measure of progress under the Arrangement, have skyrocketed, increasing seven-fold from $900 million in 1986 to $6.3 billion in 1994 [see chart]. Design-ins have shown a similar increase, rising nearly nine-fold between 1986 and 1995 [see chart]. Long term alliances have also proliferated, with hundreds of tie-ups between the biggest companies in the industry being formed over the past 10 years.

Changes in the Global Semiconductor Industry

The semiconductor industry today is fundamentally different from the industry of a decade ago in several respects. The industry has become more and more global over the past 10 years, and has witnessed the resurgence of the U.S. semiconductor industry and the emergence of competitive industries in Asian countries such as Korea and Taiwan. Semiconductor companies are developing and manufacturing products in their respective areas of technical expertise.

Many of the most profound changes have occurred in the structure of the Japanese semiconductor industry. In response to market demands, an explosion of joint ventures and other long term alliances between Japanese and foreign companies has taken place over the past 10 years, as the biggest names in the semiconductor industry from Japan and abroad have joined hands in R&D, production, marketing, and other types of long-term alliances. Today, there are numerous long term relationships between Japanese manufacturers and their foreign partners, from a recently-announced joint venture of Toshiba and IBM in Manassas, Virginia, for the production of memory chips, to a joint venture of Hitachi and Texas Instruments in Richardson, Texas, for DRAM [dynamic random access memory] production, to a joint venture between Fujitsu and Advanced Micro Devices in Japan for the production of flash memories and EPROMs [erasable programmable read only memory]. The Tohoku Semiconductor Corporation, a joint venture between Toshiba and Motorola, is a case in point. The joint venture was established in May 1987 in Sendai in northern Japan for the manufacture of semiconductors. Construction of manufacturing facilities was completed the following year, and production was initiated. In October 1989, subsidiaries of the two companies also established Nippon Motorola Microelectronics Corp. to market semiconductors in Japan.

Another example is TwinStar Semiconductor, Inc., a joint venture in Richardson, Texas established in January 1995 between Hitachi and Texas Instruments. The joint venture is the result of collaboration between Hitachi and Texas Instruments on memory products that dates back to 1988.

Production in the Richardson facility is expected to start in mid-to-late 1996.

Japanese companies now work side by side with their foreign partners in all aspects of semiconductor development, production and marketing. Given the borderless nature of many fundamental operations in this industry, the era in which it made sense to distinguish the "nationality" of a semiconductor chip has long since passed [see chart].

In addition to supplier-supplier cooperative ventures, the industry has also witnessed a proliferation of design-in projects between foreign suppliers and Japanese users. Design-ins, in which foreign semiconductor devices are specifically designed into commercial products such as a camcorder or VCR, have increased nearly nine-fold in Japan since the first Arrangement was concluded in 1986. Today, foreign chips have been designed into hundreds of well-known products. Typical among these is the Sony "Playstation," a 32 bit home use game machine built by Sony which uses 3-D computer graphics to bring arcade games into the home. The Playstation needed high speed processing with a graphic driver for 3-D computer graphics, and a geometry driver to make realistic moves on screen possible.

Sony selected a U.S. company, LSI Logic, to develop the chips that would be the "heart of the system" for this product. LSI Logic was chosen because of its expertise in developing superb software for 3-D computer graphics, its technical ability to build the software onto a single cost-efficient semiconductor chip, and its design know-how for high speed signal processing to move characters on the screen smoothly. With an LSI Logic chip at its heart, the Sony Playstation has been highly successful in the marketplace, selling an estimated 4 million units by the end of 1995.

Changes in the Demand Structure of the Japanese Market

Changes are also occurring in the demand structure of the Japanese semiconductor market. Since 1992, production of electronics equipment in Japan, particularly in the consumer sector, has been declining, resulting in a decrease in demand for analog and discrete devices. At the same time, demand is increasing for MOS [metallic oxide semiconductor] devices. This change in the product mix reflects the expansion of sales of personal computers, portable telecommunications terminals and increasingly sophisticated consumer electronics products, along with developments that have taken place in digital technology, and the shift offshore of much of Japan's production of conventional consumer products [see chart]. These trends open up new opportunities for foreign producers, which are particularly strong in high-end MOS devices, insofar as the Japanese market is concerned.

Moreover, the shift offshore of much consumer product manufacturing, along with the exponential growth in electronics manufacturing in Pacific Rim countries outside of Japan such as Malaysia, Thailand, Taiwan and Singapore, reflects the diminishing relevance of a bilateral trade pact.

Sales of U.S. chips to Japanese manufacturing facilities that happen to have been shifted to countries outside of Japan are not counted as sales to the Japanese market under the Arrangement's statistical regime, even though they are sales to a Japanese capital-affiliated company [see chart].

The Increase in American Competitiveness

The U.S. semiconductor industry has regained its competitive strength in the Japanese market in recent years. American technological advances have led the way for U.S. domination in certain segments of the market, such as microprocessors [see chart]. Many problems with quality, delivery, cost and service that plagued the industry during the period from the 1970's to the early 1980's have been rectified. Until the mid-1980's only a handful of U.S. firms had permanent establishments located in Japan and still fewer had in place the support structures in engineering, testing, and failure analysis which Japanese customers expect. Moreover, in the early 1980's U.S. products suffered much higher failure rates and received complaints for inferior quality. All of this has changed significantly during the past 10 years. U.S. firms devoted serious efforts and made major commitments of resources to serving the Japanese market. U.S. quality significantly improved, and U.S. semiconductor companies established a wide range of design centers in Japan to service their Japanese customers [see chart].

The Booming U.S. Semiconductor Industry

Driven by the enormous increases in worldwide demand, the semiconductor industry is experiencing the most explosive and sustained period of growth in its history. Thanks to advanced technologies championed by U.S. industry, this trend is expected to continue into the next century.

U.S. industry sales are projected to rise to more than $70 billion by 1995, up 27 percent from 1994, which in turn was up 31 percent from the previous year.

Industry-wide profits in the U.S. are also booming, with 1995 figures expected to be $9.95 billion, up more than 20 percent from 1994. Intel, the world's largest producer of semiconductors, recorded a profit of $2.564 billion in 1994 on $11.5 billion in sales, yielding a whopping profit/sales ratio of 22.5 percent [see chart].

The U.S. semiconductor industry is made up of companies with strong earnings and a bright future, not companies that are in need of assistance from the federal government in the form of an affirmative action program to help them sell products to Japan [see chart].

Business-based Cooperative Activities

The Japanese and U.S. semiconductor industries have worked diligently to enhance cooperation over the past 10 years. Through the Users' Committee of Foreign Semiconductors (UCOM), a group comprised of EIAJ member companies which are consumers of semiconductor products, EIAJ has dispatched 9 trade missions to date to seek foreign semiconductors, received 7 missions overseas,. and sponsored 25 symposiums and seminars. UCOM opened a liaison office in Foster City, California in 1992, which was later moved to Santa Clara, California, to provide U.S.-based semiconductor suppliers easier access to information about Japanese semiconductor users. In cooperation with its member companies, UCOM has also published a Users List of more than 2,000 semiconductor products that Japanese users desired to buy, while UCOM companies adopted individual market access plans to promote market access opportunities for foreign suppliers.

UCOM has also sponsored two design-in campaigns in order to seek out foreign semiconductor suppliers and to work with them to identify the best opportunities for business growth in Japan. The campaigns, known as the "Chip-In" design-in campaigns, included design-in seminars sponsored by individual users, UCOM seminars for design-ins in the automotive and telecommunications sectors, and other activities. Based on the success of the 1994 Chip-In campaign, the 1995 campaign was sponsored jointly by UCOM and the Semiconductor Industry Association-Japan (SIAJ), the Japanese-based trade association of U.S. semiconductor companies.

In addition, the International Semiconductor Center (INSEC), located in Tokyo and comprised of foreign suppliers and Japanese users, played an important role in supporting market access opportunities, sponsoring symposia and seminars and conducting company surveys.

Cooperative activities between Japanese and foreign industries based on business considerations have proliferated and are now a firmly-established aspect of the semiconductor sector, in much the same way that foreign-based semiconductors are now an integral part of the Japanese market.

Worldwide Investment Patterns

In the face of booming demand, semiconductor manufacturers around the world are making significant investments in production facilities. The use of semiconductors in personal computers is reported to account for a quarter of worldwide chip sales. According to Dataquest, demand for memory chips alone rose 53 percent in 1994, and the worldwide market is forecast to go from $32.5 billion to $91 billion by 1998.

Japanese semiconductor companies are making significant investments to meet burgeoning demand which are similar to investments being made by U.S. and Asian companies. Japanese investment is not a "capacity race," as the U.S. industry alleged a decade earlier, but is based on market forecasts [see chart]. Indeed, many Japanese investments are being made jointly with the Japanese company's foreign business partner, which has a common interest in making accurate predictions regarding future demand and required new capacity. Given the strength of the yen and strong growth in markets outside of Japan, a significant amount of Japanese investment is being made offshore, further reflecting the increased globalization of the semiconductor industry [see chart].

The current wave of global investment by semiconductor companies is driven by anticipated market growth. Many leading industry figures believe that the growth in semiconductor sales will continue unabated for a substantial period, without the extreme boom and bust cycles that marked semiconductor sales over the past several decades. Mr. Vladi Catto, chief economist for Texas Instruments, expects the semiconductor market to show compound annual growth of 20 percent through the end of the century. Will Corrigan, chief executive officer of LSI Logic, has stated: "Diverse geographic and product markets, combined with better ways of monitoring supply and demand, mean a lot of the cyclicity has come out of the business." Mr. Vinod Mahendro of Applied Materials told a conference this summer that "market projections for all segments of the industry show the need for 30 new fabs a year." As is the case of the U.S. and Asian semiconductor industries, the Japanese semiconductor industry is making prudent investments to service continued strong demand [see chart] [see graph].

Absence of Dumping

In addition to the manifest success of the Arrangement's market access provisions, there has also been success with respect to the dumping provisions of the Arrangement. No dumping claim has been brought during the period of the 1991 Arrangement.

Development of Global Trading System

The World Trade Organization ("WTO") began operations in January, 1995. The WTO is intended to be the forum for handling bilateral trade disputes, through the application of its dispute resolution procedures. As such, should a problem arise in the future in the context of the semiconductor sector, the parties can turn to the WTO to resolve the dispute through the application of its internationally approved rules and procedures.

Conclusion

The Semiconductor Arrangement was concluded as a temporary measure 10 years ago to address specific complaints of the U.S. semiconductor industry with respect to alleged market access barriers and alleged injurious dumping. By any measure, the objectives of the Arrangement have been achieved in full.

The world semiconductor industry, and the Japanese industry in particular, have changed dramatically, becoming more globalized and mutually interdependent.

The demand structure of the Japanese semiconductor market has also changed, opening up new opportunities for foreign producers.

The U.S. semiconductor industry has regained its competitiveness.

Business-based cooperative activities between the Japanese and foreign semiconductor industries have proliferated and become firmly established.

Worldwide investment patterns show that new investment is not a capacity race, but rather is being made to meet market demand.

No Dumping Claims Have Been Brought

A global trading regime has been established and should be utilized.

The Semiconductor Arrangement was intended to address the complaints raised by the U.S. industry. These complaints have been fully addressed. The Arrangement is intended by its express terms to expire at the end of July, 1996. There is no basis in fact or policy to support a new bilateral agreement being imposed in the semiconductor sector.

The U.S. semiconductor industry is booming, with skyrocketing sales, record profits and rising stock prices. This strong performance illustrates the renewed competitiveness of the U.S. semiconductor industry. This industry is the last industry in America that needs governmental intervention to aid its commercial relations with Japan. EIAJ believes, therefore, that there is no justification for a new agreement on semiconductors and that the Arrangement should terminate as scheduled on July 31, 1996. Given the changes that have taken place over the past 10 years, the Japanese semiconductor industry can be expected to continue to engage in cooperative activities with foreign semiconductor industries based on commercial considerations. Further governmental intervention in the semiconductor marketplace is unwarranted.

Japan: Official on Holding Companies, Semiconductor Accord

*OW0802071196 Tokyo KYODO in English
0635 GMT 8 Feb 96*

[FBIS Transcribed Text] Tokyo, Feb. 8 KYODO — A senior Trade Ministry official said Thursday he hopes the ruling tripartite coalition will reach a conclusion quickly on the shape of a planned bill for easing a ban on holding companies and reinforcing the Fair Trade Commission.

"We believe (the easing of the holding company ban) is necessary as part of a drive to reform the structure of the economy," Vice International Trade and Industry Minister Tomio Tsutsumi said at a news conference.

The coalition — the Liberal Democratic Party (LDP), the Social Democratic Party (SDP) and New Party Sakigake [Harbinger] — has yet to finalize the bill, on which it expects to win a cabinet approval Friday before submitting in the current parliamentary session.

The LDP is calling for effectively lifting the ban, while the SDP wants to keep holding companies banned in principle, authorizing them only in exceptional cases.

Turning to the issue of the Japan-U.S. semiconductor agreement, Tsutsumi said Japan will explain what has been accomplished under it when trade officials of the two countries meet in suburban Los Angeles later Thursday for a two-day session to monitor achievements of the accord.

The United States is urging an extension of the pact, which expires in July, while Tokyo maintains that an extension is unnecessary because the accord has played out its role, with foreign microchips now accounting for more than 20 percent of the Japanese market, as targeted in the pact.

Tsutsumi said the question of an extension is not on the formal agenda of the monitoring session, although the subject could come up informally. The Japanese side "will explain its traditional stance and call for understanding," he said.

Tokyo Likely To Ratify UN Sea Law Convention 16 Feb

*OW0802083196 Tokyo KYODO in English
0802 GMT 8 Feb 96*

[FBIS Transcribed Text] Tokyo, Feb. 8 KYODO — The coalition government of Prime Minister Ryutaro Hashimoto will approve next week a plan to ratify the UN Convention on the Law of the Sea, government sources said Thursday.

The government, which groups the LDP [Liberal Democratic Party], the Social Democratic Party and New Party Sakigake [Harbinger], will endorse the plan at a cabinet session on Feb. 16, the sources said.

The approval will come despite the LDP's failure at a meeting Thursday to reach consensus on the upcoming ratification of the UN sea law. The LDP policy-makers decided to meet again over the matter next week, party officials said.

At the meeting, government representatives explained that Tokyo hopes to soon establish a new fisheries framework for dealing with those two countries "by revising restrictions concerning their fishing industries in line with progress in negotiations on appropriate exemptions."

Japan, which wants to see the convention ratified during the current Diet session, however, failed to win support from the LDP's fisheries department or from legislators from fishing constituencies in Hokkaido.

Some sectors within the LDP representing fisheries interests insist that Japan apply a 200-nautical mile exclusive economic zone for the entire country when it ratifies the treaty.

The convention obliges all signatory nations to respect an exclusive 200-mile economic zone off a nation's coasts. Within their zones, states have the exclusive right to fish or exploit natural resources such as oil, to reclaim land or to construct artificial islands.

Japan: Coalition Team Slated To Meet ROK President 12 Feb

OW0802134396 Tokyo KYODO in English 1323 GMT 8 Feb 96

[FBIS Transcribed Text] Tokyo, Feb. 8 KYODO — Policy-makers from Japan's three ruling parties will meet with South Korean President Kim Yong-sam and Foreign Minister Kong No-Myong on Monday [12 February] to discuss the situation on the Korean peninsula, coalition officials said Thursday.

The coalition delegation will leave for Seoul on Sunday, the officials said.

The mission members will be Taku Yamasaki, head of the Liberal Democratic Party's Policy Affairs Research Council, Shigeru Ito, chief of the Social Democratic Party's policy-making board, and New Party Sakigake's [Harbinger] chief policy-maker Kisaburo Tokai, the officials said.

Japan: Hashimoto To Discuss Disputed Isle With ROK

OW0802051696 Tokyo KYODO in English 0317 GMT 8 Feb 96

[FBIS Transcribed Text] Tokyo, Feb. 8 KYODO — Prime Minister Ryutaro Hashimoto said Thursday that the issue of an island in the Sea of Japan jointly claimed by South Korea should be resolved through talks after Japan has ratified the UN Convention on Maritime Law.

Asked by reporters to comment on news reports that South Korea plans to build a dike on the island, Hashimoto replied "we have not confirmed this. It is a topic for working-level discussion and not just emotional argument when the exclusive economic zone is set up."

The Diet plans to ratify the 1982 UN Convention on the Law of the Sea, which went into force last November and obliges all signatories to respect exclusive 200-mile economic zones off nations' coasts. Within their zones, states have exclusive rights to fish and natural resources such as oil, and to reclaim land or construct artificial islands.

Based on a preliminary law, Japan has already set up a 200-mile fishing zone off its coasts, but has exempted the area west of 135 degrees east longitude, where the disputed Senkaku Isles are located, to avoid upsetting China and Taiwan.

Japan and South Korea both claim the uninhabited Takeshima island, known as Tokto Island in Korean, which is currently controlled by South Korea.

Japan: 'Sources' Say ROK Begins Construction Work on Disputed Island

OW0802060196 Tokyo KYODO in English 0404 GMT 8 Feb 96

[FBIS Transcribed Text] Seoul, Feb. 8 KYODO — South Korea has begun harbor construction works at a disputed island in the Sea of Japan, known in South Korea as Tokto and in Japan as Takeshima, industry sources said Thursday.

South Korea's maritime and port administration plans to complete the work of building port facilities, including an 80-meter-long quay, by the end of 1997, with the cost of construction estimated at around 13.205 billion won, the sources said.

Part of the foundation works came to a temporary halt late last year after getting under way Dec. 19, according to the sources.

Japan's plan to ratify the UN Convention on the Law of the Sea during the current Diet session, which will allow it to impose a 200-mile exclusive economic zone off its shores facing South Korea this year, raised concern in Seoul that Japan may step up its claim the islands.

Meanwhile, South Korea's Joong-ang Ilbo newspaper reported Thursday that South Korea's Army, Navy and Air Force plan to conduct joint military exercises on the seas east of the islet, beginning Monday, in a bid to reaffirm territorial sovereignty.

A defense ministry spokesman, however, denied the newspaper's report, saying there is no such plans for military drills.

Japan: Official Says Disputed Island 'Integral Part of Japan'

OW0802103196 Tokyo KYODO in English 0953 GMT 8 Feb 96

[FBIS Transcribed Text] Tokyo, Feb. 8 KYODO — An island in the Sea of Japan, the subject of a territorial dispute between Japan and South Korea, is an integral part of Japan, a senior Foreign Ministry official said Thursday [8 February].

"The Japanese Government's stance is crystal clear. It is our indigenous territory," the official said of Takeshima, known in South Korea as Tokto Island.

The remark came in response to South Korea's reported move to build a breakwater off the small, uninhabited island.

While noting Tokyo has not confirmed the report yet, "It would be regrettable if it turned out to be true," said the official, who declined to be named.

The dispute over the island has been rekindled recently amid Japan's readiness to apply a 200-nautical-mile exclusive economic zone through the ratification of the UN Convention on the Law of the Sea.

The official said Japan will continue to seek bilateral negotiations with South Korea on the dispute in connection with its ratification of the 1982 UN treaty, which went into force last November.

Seoul has not shown any sign of accepting Tokyo's overture.

Japan: Hiroshima Linked by Air With Shanghai, Xian

OW0602134396 Tokyo KYODO in English 1250 GMT 6 Feb 96

[FBIS Transcribed Text] Hiroshima, Feb. 6 KYODO — China Northwest Airlines launched regular service Tuesday [6 February] between Hiroshima and the Chinese cities of Shanghai and Xian, marking the route as the fourth air link between the Japanese city and a foreign country.

Hiroshima Gov. Yuzan Fujita witnessed the Chinese airline's inaugural flight after a ceremony at Hiroshima Airport.

The airline is to fly between the two countries every Tuesday and Friday.

Hiroshima is already linked with Seoul, Hong Kong and Singapore.

Japan: Osaka-Ulaanbaator Air Route Slated Open 27 Apr

OW0702135496 Tokyo KYODO in English 0924 GMT 7 Feb 96

[FBIS Transcribed Text] Ulan Bator, Feb. 7 KYODO — Japan and Mongolia have agreed to launch a new regular air route between Kansai International Airport in Osaka and Ulaanbaator on April 27, the Japanese Embassy in the Mongolian capital said Wednesday [7 February].

Mongolian Civil Air Transport will operate a Boeing 727 flight every Saturday, the embassy said.

There have been no regular flights between the two countries, except for charter flights in the summer tourist season.

The two countries have been discussing a regular air route since a bilateral accord was reached in 1993.

Tokyo Decides To Deregulate Pensions To 'Buoy' World Finance Markets

OW0802113196 Tokyo KYODO in English 1115 GMT 8 Feb 96

[FBIS Transcribed Text] Tokyo, Feb. 8 KYODO — The government decided Thursday to scrap all regulations on asset management of publicly sponsored pension funds by the end of March 1999, a move that could buoy the world financial markets, officials said.

The decision by the finance and health and welfare ministries comes on the heels of an earlier decision to abolish rules that regulate financial vehicles in which such funds can invest on their own by the end of March 1996.

The officials said the latest move is designed to help these pension funds better manage their assets as they have seen a sharp drop in returns on their investment due to falling interest rates.

These publicly sponsored pension funds are divided into those for employees and those for self-employed people, who together have assets totaling nearly 40 trillion yen, or more than half of the state budget.

There were 1,842 such pension funds for employees covering 12.05 million employees and 72 funds for self-employed people encompassing 770,000 people as of March 31, 1995.

Financial analysts say the dismantling of all regulations on asset management of these pension funds should add fuel to the competition among pension fund managers such as life insurance companies, trust banks and investment advisory companies.

At present, asset management of these pension funds is tightly regulated to protect them against investment risks that could erode their ability to pay pensions.

For one thing, more than two-thirds of assets are required to be entrusted with life insurers or trust banks, while up to one-third of such assets are allowed to be placed with investment advisory companies.

The latest deregulatory decision will permit these pension funds to place up to half of their assets with investment advisory companies on April 1, 1996, and to place all of the assets with such concerns on April 1, 1999.

There are also rules that require these pension funds to invest more than half of their assets in financial instruments that guarantee the principal, less than 30 percent in stocks and foreign currency-denominated assets, and less than 20 percent in real estate.

These investment regulations are scheduled to go out in principle by the end of March under an earlier agreement between the two ministries.

In exchange for these deregulatory measures, rules that require life insurers to guarantee minimum returns will be deleted on March 31, 1996 as life insurance companies face difficulties meeting the guarantee due to falling interest rates.

At present, life insurance firms promise a minimum annual return of 4.5 percent. Life insurers said they will lower the guaranteed return to 2.5 percent on April 1.

The guaranteed minimum return had been fixed at 5.5 percent in 1966 when these publicly sponsored pension funds were established, but fell to 4.5 percent in 1994 in the wake of the unfavorable investment environment.

The decline forced these pension funds to lose some 300 billion yen in investment returns.

Japan: MOF Eases Further on Overseas Investment, Loans

OW0802073096 Tokyo KYODO in English 0709 GMT 8 Feb 96

[FBIS Transcribed Text] Tokyo, Feb. 8 KYODO — The Ministry of Finance (MOF) on Thursday announced a set of measures to further ease curbs on international financial transactions.

The step is apparently aimed at firmly establishing the dollar's recent upward trend against the yen by promoting Japanese companies' overseas investment and loans.

The ministry allowed Japanese banks engaged in foreign exchange services to make the so-called "two-step loans" without reporting to the ministry.

The loans are those extended by overseas subsidiaries of Japanese banks to foreign companies for more than one year.

The ministry also in principle allowed Japanese companies to make foreign currency-denominated settlements of transactions.

The ministry will also ease curbs on foreign currency-denominated overseas deposits held by Japanese companies for overseas portfolio investment.

It will raise the limit on such deposits held by Japanese companies without ministry approval to an amount equivalent to 200 million yen from the current 100 million yen.

The ministry also decided to require Japanese companies to report their overseas deposits when their balances top 50 million yen at the end of each quarter.

At present, companies are required to make such reports when their overseas deposits top 5 million yen.

Japan: Hashimoto Says Market Counting on Public Funds for 'Jusen'

OW0802051596 Tokyo KYODO in English 0309 GMT 8 Feb 96

[FBIS Transcribed Text] Tokyo, Feb. 8 KYODO — Prime Minister Ryutaro Hashimoto said Thursday the financial markets are counting on the government's plan to liquidate failed housing loan companies with the use of taxpayers' money.

Hashimoto made the remark at a House of Representatives budget committee session in responding to questions by Keiwa Okuda of the main opposition party Shinshinto (New Frontier Party).

Okuda demanded removal of the outlay for the liquidation of the housing loan firms, known as "jusen," from the fiscal 1996 budget.

At the same session, Finance Minister Wataru Kubo declined to give a clear answer when asked if the ministry would pay some 39 million yen in retirement money to Yoshio Nakajima, a former senior official in the ministry's budget bureau, who was forced to resign in a scandal last year and who failed to report some 44 million yen in income to the tax authorities.

Tokyo Considering Greater Burden on 'Jusen' Founders

OW0802130096 Tokyo KYODO in English 1247 GMT 8 Feb 96

[FBIS Transcribed Text] Tokyo, Feb. 8 KYODO — Finance Minister Wataru Kobu indicated Thursday the government is considering asking the founder banks of housing loan companies to share a greater portion of the financial burden in liquidating the ailing companies.

"There is room to study whether founder banks can bear the burden," Kubo said in reply to a question from an opposition member at a budget committee session of the lower house of the Diet.

If such a proposal is rejected by the banks, the housing lenders would have to be liquidated legally, Kubo said, adding the government wants to avoid such a choice.

The government-drafted scheme to liquidate seven housing lenders, known as "jusen," includes the use of 685 billion yen in taxpayers' money.

The opposition member said some founder banks with strong earnings should be able to shoulder the sum as part of any additional financing for writing off losses directly related to liquidating the jusen.

Founder bank officials said they would not accept any additional burden.

Tokyo Decides on Bill To Dispose of 'Jusen' Loans

OW0802121196 Tokyo KYODO in English
1143 GMT 8 Feb 96

[FBIS Transcribed Text] Tokyo, Feb. 8 KYODO — The government decided Thursday [8 February] to submit to the Diet a bill to enact a special law to dispose of loans at seven ailing housing loan companies, aiming at early passage at the current regular Diet session, a government spokesman said.

The bill, approved during a meeting of vice ministers Thursday evening, would be officially endorsed at a regular cabinet meeting Friday morning, Deputy Chief Cabinet Secretary Teijiro Furukawa said.

The bill would set up a joint-stock corporation financed by the semiofficial Deposit Insurance Corp. to take over assets and credits of the troubled mortgage companies. The new entity and Deposit Insurance Corp. would collect the loans at the troubled mortgage companies, called "jusen."

The new corporation has authority to inspect assets of housing loan firm debtors, and penalties up to 500,000 yen could be imposed on companies and individuals that reject the inspection.

The bill stipulates that if any profits are earned through collecting delinquent loans, the new loan-collecting body will return them to the national coffers through Deposit Insurance Corp.

The adoption by vice ministers followed consent to the bill from the three ruling parties — the Liberal Democratic Party, the Social Democratic Party and New Party Sakigake [Harbinger].

The three parties agreed on the bill on condition that Deposit Insurance Corp. and the new loan collection body will be granted authority to enter housing loan firms' founder banks for inspections, and file civil suits purported for loan collection, ruling coalition officials said.

The three parties agreed during a series of meetings in the evening they will also seek amendments of legislation to promote loan collection and tightening of control over hindrance of loan collection by gangsters.

The government is under fire for its plan to use at least 685 billion yen, and possibly more than 1 trillion yen, of taxpayers' money to liquidate the housing loan firms, which have virtually gone bankrupt due to heavy bad loans to realtors.

Japan: Coalition To Delay Submitting Holding Company Bill

OW0802112796 Tokyo KYODO in English
1054 GMT 8 Feb 96

[FBIS Transcribed Text] Tokyo, Feb. 8 KYODO — The ruling coalition decided Thursday to postpone its submission to parliament of a bill to revise the antimonopoly law to ease the nation's 48-year-old ban on holding companies, coalition sources said.

A commerce and industry policy panel of the coalition formed by the Liberal Democratic Party (LDP), the Social Democratic Party (SDP) and New Party Sakigake [Harbinger] convened Thursday to discuss the bill.

The panel decided not to seek cabinet approval for submitting the bill Friday, as had been planned, because the SDP voiced staunch opposition to the bill out of fear that it might lead to an unlimited lifting of the ban, the sources said.

The coalition had intended to submit a bill package calling for easing the holding company ban and expanding the organization and staff of the Fair Trade Commission [FTC] by Friday, the deadline for bills involving allocations in the fiscal 1996 budget.

Some coalition members are now proposing splitting the package to submit a bill only for FTC reinforcement Friday because the bill needs a budget allocation, the sources said.

The coalition, in effect, is likely to start the discussion on the holding company ban all over again. The government is working to win cabinet approval of a new holding company bill within about 10 days, according to the sources.

The government, however, still plans a package that increases the enforcement authority of the antitrust watchdog while easing the holding company ban.

Deputy Chief Cabinet Secretary Teiji Furukawa said the two are linked from the viewpoint of securing conditions for fair competition and the government is not considering to split the two.

Full-scale negotiations on holding companies started last December when a study panel under the FTC proposed easing the ban that was imposed after World War II to check the resurgence of "zaibatsu" business conglomerates, which controlled Japan's prewar economy.

The FTC panel suggested that four types of holding companies be exempt from the ban, including concerns spinning off business divisions and financiers consolidating operations in banking, brokerage and other financial sectors.

The proposal failed to satisfy people in the LDP and business circles, who demanded an effective lifting of the ban.

The FTC, in an apparent political move, drafted a bill which calls for the ban to apply only when a given holding company is feared to amass excess business power, political analysts said.

The bill also requires holding companies to report to the antitrust watchdog when its total assets exceed 500 billion yen.

The new bill angered the SDP, which was left out of the drafting process. The party demanded thorough discussions before submitting the bill so that the views of labor unions and small businesses could be heard, coalition sources said.

Japan: Bill on Agenda To Stop Gangs Blocking Loan Recovery

OW0702141396 Tokyo KYODO in English 1333 GMT 7 Feb 96

[FBIS Transcribed Text] Tokyo, Feb. 7 KYODO — A ruling coalition working group decided Wednesday to consider legislation to stop criminal obstruction of the recovery of the loans, coalition officials said.

The working group, looking into the recovery of delinquent loans made by seven failed housing loan companies, made the decision at its inaugural meeting.

The group also decided to consider extending by a year the statute of limitations on the recovery of the loans, the officials said.

They said the working group decided that the measures for consideration could include specially introduced legislation and revisions to current legislation sponsored by Diet members.

The sources said the group wants to speed up its deliberations so any such legislation can be enacted in the current Diet session in time for the April 1 start-up of a special loan collecting body the government is planning.

The working group has in mind the large number of cases of criminal gangs sitting on mortgaged properties covered by the bad loans and obstructing the transfer of land after properties have been auctioned or sold by tender, the officials said.

They said the proposals the working group is considering would mandate a partial revision of the current law of civil execution to allow for the removal of criminal gangs and the court-ordered handing over of property.

The sources said the working group is also considering a possible shortening of the period for short-term leases and strategies for dealing with financial crimes.

They said opinion within the governing coalition increasingly favors an extension of the statute of limitations pertaining to crimes specifically related to the failure of the housing loan companies.

But they said the working group is proceeding cautiously because of constitutional constraints in this area.

Meanwhile, a joint meeting of the Liberal Democratic Party's committee investigating the nation's financial structure and its subcommittee on administration decided a proposed government bill for liquidating the housing loan companies should allow the planned loan-collecting body and the Deposit Insurance Corp. to work together to recover delinquent loans.

It also decided to seek greater clarification of the Finance Ministry's administrative responsibilities.

Japan: Hashimoto on Potential Reorganization of MOF

OW0702053096 Tokyo KYODO in English 0448 GMT 7 Feb 96

[FBIS Transcribed Text] Tokyo, Feb. 7 KYODO — Prime Minister Ryutaro Hashimoto suggested Wednesday it is necessary to discuss the reorganization of the Ministry of Finance [MOF] so as to reduce its great authority.

Hashimoto told reporters, "such discussion will be needed sometime in the future. I'm aware of the problem," referring to views growing among the ruling coalition which call for division of the Finance Ministry in the wake of the financial mess from insolvent housing loan companies.

"When I was finance minister, there was also an idea of removing an international finance division from the ministry, but it fell through amid a brokerage scandal," Hashimoto said.

In this regard, a government source warned against a hasty reaction to calls for dividing up the Finance Ministry's functions.

"It is the premier's opinion that the settlement of the housing lenders' problem should be first," the source said. "I am wondering if it is advisable to discuss the reform of the Finance Ministry along with it."

Although admitting to the need for discussing the review of the ministry's organization because of its blunder of not quickly coping with the issue of the home mortgage companies, the source said it is also necessary to check the ministry's administrative methods before reviewing its organization.

Japan: Kubo Wants To Show Basic View on MOF by Mar

OW0702120896 Tokyo KYODO in English
1114 GMT 7 Feb 96

[FBIS Transcribed Text] Tokyo, Feb. 7 KYODO — Finance Minister Wataru Kubo said Wednesday he wants to show by March his own basic position on organizational reform of the Ministry of Finance [MOF].

"By the time the Diet ends debate on the proposed national budget (for the fiscal year that starts in April), I want to put into shape my own ideas (about the ministry's reform)," Kubo said at a press conference.

Kubo said that once the budget plan is approved by the Diet, ruling and opposition parties are expected to start discussing the reform issue in earnest.

It is necessary to prepare for the debate, he said.

Following the revelation of a series of scandals involving senior officials at the ministry, including its slow response to the bad loan problem at troubled housing loan companies, there are mounting complaints that the ministry has too much power and growing calls for breaking it up into separate agencies.

While stressing he is currently considering neither immediate organizational reforms nor the ministry's breakup, Kubo noted that for the time being he wants to see how the issue develops in Diet debate.

Kubo also said he will sound out academics outside the ministry in addition to ministry leaders.

Meanwhile, the ruling coalition parties agreed in the same day to set up a panel devoted to coordinating policy on reform of the Finance Ministry, coalition officials said.

The agreement came at a meeting of Koichi Kato, secretary general of Prime Minister Ryutaro Hashimoto's Liberal Democratic Party's [LDP] key policymaking panel, and Kanju Sato, secretary general of Kubo's Social Democratic Party (SDP), they said.

The LDP and SDP also plan to set up separate intraparty groups to study the issue, they said.

Speaking at a press conference, Sato said his party cannot discuss the possible breakup of the mighty ministry given that the finance minister is from the SDP.

Sato floated the idea of uniting authority over inspection of financial institutions, which is currently divided between the Finance Ministry's Banking Bureau and municipalities.

But the LDP's Kato stressed the need to reach a conclusion on the issue at an early date.

"This is very important from the viewpoint of relations between politics and bureaucracy. It's not an issue where we have plenty of time," Kato told reporters.

Japan: Coalition Remains 'Split' Over Ban on Holding Companies

OW0702160796 Tokyo KYODO in English
2352 GMT 7 Feb 96

[FBIS Transcribed Text] TOKYO, Feb. 7 KYODO — The Fair Trade Commission's [FTC] plan to obtain cabinet approval Friday [9 February] for its bill to effectively remove a ban on holding companies appears to be difficult to realize, as views among the coalition parties remained split Wednesday, political sources said.

The three parties held a representatives' meeting on the issue Wednesday, but failed to narrow their differences.

They agreed to continue discussions Thursday, but it may be too late for the FTC plan to amend the Antimonopoly Law and win approval for the removal of the ban during the current Diet session, they said.

Currently, the establishment of holding companies is totally banned.

The FTC-drafted bill envisages limiting the ban to apply only when a given holding company is feared to have excessive business power. It also requires a holding firm to submit a report to the antitrust watchdog if its total assets exceed 500 billion yen.

At the meeting Wednesday, the Liberal Democratic Party (LDP), the largest force in the coalition, generally favored the bill as a whole, according to the sources.

The LDP representatives urged that the establishment of holding companies should be effectively liberalized and the limitation should be minimized as much as possible.

Thus the LDP called for clarifying the basis of the 500 billion yen limit.

On the other hand, the Social Democratic Party (SDP) remained more cautious than the LDP, saying unchecked liberalization of holding companies would revive "zaibatsu" business conglomerates which controlled Japan's prewar economy and financed its war machine, the sources said.

The SDP also said that it could negatively affect working conditions at companies owned by holding firms.

The coalition parties, which also includes New Party Sakigake [Harbinger], agreed to adjust their views Thursday, the sources added.

Japan: NFP Boycotts Diet Debate Over 'Jusen' Issue

OW0802081196 Tokyo KYODO in English 0739 GMT 8 Feb 96

[FBIS Transcribed Text] Tokyo, Feb. 8 KYODO — The major opposition Shinshinto (New Frontier Party [NFP]) boycotted Diet debate Thursday [8 February], saying the government has yet to submit a bill to the Diet on the liquidation of failed housing loan companies, known as "jusen."

Several Shinshinto members were scheduled to officially question the government's actions at a House of Representatives Budget Committee session Thursday afternoon, but they failed to attend the meeting.

Takeshi Noda, a Shinshinto member and a director of the Budget Committee, told a news conference that the party would continue to boycott deliberations at the committee until the government releases the framework of a liquidation bill.

At a meeting of the directors of the committee, the Japanese Communist Party proposed summoning the four former finance ministers who have held the post since 1991 to the committee for questioning about the seven housing loan firms and their business partners.

The four former ministers are Tsutomu Hata of Shinshinto, Yoshiro Hayashi of the Liberal Democratic Party, Hirohisa Fujii of Shinshinto and Masayoshi Takemura, head of New Party Sakigake [Harbinger].

Earlier in the day, Prime Minister Ryutaro Hashimoto said he has discovered that another major borrower from "jusen" housing loan firms was a contributor to his political funds.

He later identified the borrower as Taiyo Estate.

But Taiyo Estate, a Tokyo-based real estate company, denied it has made political contributions to Hashimoto. "It must be a different company," a Taiyo Estate official said.

Hashimoto said Wednesday that his fund-raising organization received donations from three companies on the list of the top 100 borrowers from housing loan firms the government plans to liquidate by using taxpayers' money.

Hashimoto pledged to continue investigations into the sources of his political funds for possible links with the seven mortgage companies.

The premier told the budget committee the financial markets are counting on the government's plan to liquidate the failed housing loan companies with the use of taxpayers' money.

Japan: Hashimoto Discloses Donation From Another 'Jusen' Debtor

OW0802052396 Tokyo KYODO in English 0423 GMT 8 Feb 96

[FBIS Transcribed Text] Tokyo, Feb. 8 KYODO — Prime Minister Ryutaro Hashimoto said Thursday he has discovered that another major borrower from "jusen" housing loan firms was a contributor to his political funds.

Hashimoto said Wednesday that his fund-raising organization received donations from three companies on the list of the top 100 borrowers from housing loan firms the government plans to liquidate by using taxpayers' money.

The premier, however, did not reveal the name of the fourth company or the amount of money he received.

Hashimoto pledged to continue investigations into the sources of his political funds for possible links with the seven mortgage companies.

Japan: Companies To Donate Y35 Million To Pay LDP Debts

OW0802075096 Tokyo KYODO in English 0516 GMT 8 Feb 96

[FBIS Transcribed Text] Tokyo, Feb. 8 KYODO — The Japan Foreign Trade Council Inc. grouping [as received] trading companies will make a political donation of 35 million yen [Y] to the Liberal Democratic Party (LDP) as the first part of its five-year donation plan to the LDP, the group's chairman said Thursday [8 February].

The group has divided up the 35 million yen donation among 22 leading member companies, Koichiro Ejiri said at a press conference. The traders' group is expected to give the LDP 350 million yen over the five years.

The group's donation will be made in line with a call by the LDP, the largest force in the three-party ruling coalition, for donations of 10 billion yen from the business world.

The LDP asked the Federation of Economic Organizations (Keidanren) to donate the funds to help the party repay 10 billion yen to eight major commercial banks. The party borrowed the money as campaign funds for the 1993 general elections.

Keidanren discontinued political donations to the LDP in 1994 in the face of strong public criticism of political corruption.

Ejiri said the group has decided to make the donation as other industry groups are believed to be planning to meet the LDP's request for political donations.

Marubeni Corp., a leading trading house, has said, however, that as a company, it will not make political donations to any party.

Japan: NTT President Kojima Challenges Breakup Plan

OW0702093396 Tokyo KYODO in English 0858 GMT 7 Feb 96

[FBIS Transcribed Text] Tokyo, Feb. 7 KYODO — Masashi Kojima, president of Nippon Telegraph and Telephone Corp. [NTT], opposed a breakup plan for the company Wednesday, challenging a business outlook by a government advisory panel.

Kojima told a news conference that a proposed entity covering western Japan as its service area will still be in the red in the year 2000.

The Telecommunications Council, an advisory body to the Posts and Telecommunications Minister, has proposed splitting the domestic telecom giant into three entities — one long-distance and two regional telephone service companies.

The council forecast a combined pretax profit of about 800 billion yen for the three split companies in 1999.

Kojima disputed the projection, citing NTT's projection that their pretax profits will total only about 250 billion yen in 2000 even if the three companies make substantial profits from multimedia service.

He also said the breakup will hurt its competitive power in the international telephone market.

Japan: NTT Likely Permitted To Join in International Busisness

OW0802101196 Tokyo MAINICHI SHIMBUN in Japanese 5 Feb 96 Morning Edition p 1

[FBIS Translated Text] A "special panel on Nippon Telegraph and Telephone Corporation (NTT)" (chaired by Mitsuharu Ito) — under the Telecommunication Council in charge of studying an NTT divestiture or division — will likely permit NTT's participation in international business. A concerned source revealed on 4 February that the decision may be included in the panel's report to be formulated this month. The permission will be granted in return for NTT's agreement to divest itself of its long-distance telephone department, and to divide its local-area telephone department into two separate companies handling business on the eastern and western parts of Japan.

The Council, the posts and telecommunication minister's advisory body, will submit the NTT reorganization report to Minister Ichiro Hino before the end of this month.

The report is now being formulated by the "Drafting Committee," a lower branch of the special panel. With the start of new long-distance telecommunication companies, such as Daini Den Den Corp., Nippon Telecom Corp., and Japan High-Speed Communications Corp., competition has already been growing in the long-distance telephone market. However, the committee judged that "there is no fair competition as seen by the fact that our negotiation with NTT on circuit connection rules have dragged on." Therefore, it decided to split off NTT's long-distance telephone department so that newcomers could get on equal terms in competition. Another decision to break NTT local-area department into smaller entities came from the committee's intention to introduce the competition principle in the local telephone market. The committee thinks "it is desirable to divide NTT's local network into two section" to cut local cable fees.

Furthermore, to guarantee NTT's future, the committee believes that it is necessary to permit its long-distance telephone department to start business in the international market and promise multimedia industries such as mobile telecommunications and data transmission services. Such suggestions from the report, however, are likely to provoke opposition from Kokusai Denshin Denwa Corp. (KDD) and other telecommunications companies.

Japan: Council 'Not To Vacillate' on NTT Split

*OW0802122496 Tokyo KYODO in English
1150 GMT 8 Feb 96*

[FBIS Transcribed Text] Tokyo, Feb. 8 KYODO — The chief of a key advisory panel to the posts minister promised Thursday not to vacillate in presenting its conclusions on Feb. 29 on the crucial question of whether to break up Nippon Telegraph and Telephone Corp. (NTT).

"We will not come up with recommendations both in favor of and against the proposed breakup" of the domestic telecommunications giant, Sho Nasu, chairman of the Telecommunications Council, told a news conference after attending the council's general meeting.

With the remark, Nasu was suggesting that the panel will demand the division of NTT to enhance competition of various telecom carriers in the domestic telephone market.

The draft report compiled by the panel says there is a limit to the efficacy of merely lifting some regulations on the activities of domestic telecom carriers without breaking NTT up.

The draft report says it is necessary to break NTT up into several smaller companies to enable other domestic carriers to compete with NTT more efficiently.

Thursday's general meeting basically supported the recommendations shown in the draft, said the sources close to the council.

Nasu denied speculation that the panel will end up merely presenting conflicting opinions on the proposed NTT breakup to appease both the business community and the Posts and Telecommunications Ministry.

Nasu said he plans to hand over the final report to Posts and Telecommunications Minister Ichiro Hino on Feb. 29, as was earlier scheduled.

The government will finalize its policy on the breakup by the end of March in line with the panel's recommendation, ministry officials said.

Japan: KDD Chief Balks at NTT Entry Into International Market

*OW0802085496 Tokyo KYODO in English
0805 GMT 8 Feb 96*

[FBIS Transcribed Text] Tokyo, Feb. 8 KYODO — The chief of Japan's largest international telecom carrier blasted Thursday [8 February] a government panel for proposing entry by Nippon Telegraph and Telephone Corp. (NTT) into the international telecom market in exchange for a proposed NTT split.

KDD President Hiroshi Ichihara told a news conference, "Because NTT has an overwhelmingly large presence in the domestic long- distance telephone market, it would block fair competition" if NTT was allowed to debut as a KDD rival in the international telecom mart.

Ichihara issued the warning in response to a recent recommendation by the Telecommunications Council, an advisory panel to the posts minister.

"At present, three companies share the 350 billion yen-a-year international telecommunication market," he said in reference to aggregate annual sales posted by KDD and its two current rival carriers, International Telecom Japan Inc. and International Digital Communications Inc.

"It would not be appropriate to allow a company (like NTT with sales) to the order of trillions of yen to enter such a market," he said.

He said NTT has far greater advantages over other telecom carriers in that it has a huge infrastructure connected with its long-distance telephone call services as well as a large number of subscribers it has acquired and built up over several decades of operations.

Ichihara suggested KDD is reluctant to enter the domestic telecom market, as it would have to build up its domestic telecom network from scratch.

Japan: NEC Develops High-Speed Chip for Portable Devices

*OW0802091696 Tokyo KYODO in English
0856 GMT 8 Feb 96*

[FBIS Transcribed Text] Tokyo, Feb. 8 KYODO — NEC Corp. announced Thursday [8 February] it has developed the world's first 1-megabit ferroelectric random access memory (FERAM) chip for all types of mobile multimedia applications requiring low power, high speed and large memory.

FERAMs have a faster access time than flash memory and are also nonvolatile, which allows data to be preserved without a power supply. Portable multimedia equipment with the chip will have significant power savings, the company said.

The new memory chips are highly reliable and durable, it said.

"Previous FERAMs were at the kilobit level, but our 1-megabit FERAM chip with high-speed access time is a real step toward ferams being used as main memory in PCs (personal computers) and other products," said Masao Fukuma, senior manager at the company's Micro Research Laboratories.

For marketable applications, it is necessary to expand memory capacity by at least fourfold, an official of the research unit said.

The official predicts it would take a couple of years to put NEC's FERAM to practical use.

Japan: Nippon Sheet Glass To Set Up Joint Venture in PRC

OW0202041096 Tokyo KYODO in English 0142 GMT 2 Feb 96

[FBIS Transcribed Text] Tokyo, Feb. 2 KYODO — Nippon Sheet Glass Co. will set up a joint venture designed to produce glass for windshields and windows of motor vehicles in China to meet rising demand there, a company spokesman said Friday [2 February].

The new company, Tianjin NSG Safetyglass Corp., will be established in Tianjin, southeast of Beijing, with a capital of $12.82 million, he said.

Nippon Sheet Glass will take a 75 percent stake in the new company while its Chinese partner Tianjin Glasswork Factory will have the remainder, he said.

The new company will start operations in the middle of 1997 and produce enough glass to equip 250,000 vehicles a year, he said.

It will be the fourth production base for such glass in Asia for Nippon Sheet Glass, following ones in South Korea, Taiwan and Malaysia, the spokesman said.

North Korea

DPRK: U.S. To Donate $2 Million for Flood Damage

SK0802040696 Pyongyang KCNA in English 0338 GMT 8 Feb 96

["U.S. Government Adopts Measures Concerning Flood Damage in Korea" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, February 8 (KCNA) — The Government of the United States of America officially informed the DPRK of the measures it had adopted with regard to the flood damage in the DPRK on February 2.

According to it, the Government of the USA decided to donate 2 million U.S. dollars through the World Food Program as a humanitarian step for the purchase of emergency food.

It is also said that administrative procedures shall soon be adjusted so that the non-governmental organisations of the U.S. and Americans may send humanitarian relief goods to the DPRK and donate money through international organisations, without a particular permission of the USA Government.

Earlier, the USA donated 225,000 U.S. dollars on two occasions in September and October last year, through an international organisation, in connection with the flood damage in the DPRK.

These humanitarian steps taken by the U.S. will remove distrust between the DPRK and the U.S. and create an atmosphere favorable for a smooth implementation of the DPRK-U.S. framework agreement.

DPRK: MINJU CHOSON Urges U.S. To Discontinue 'Acts for War'

SK0802044096 Pyongyang KCNA in English 0430 GMT 8 Feb 96

["U.S. Must Not Misjudge DPRK's Peace Efforts" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, February 8 (KCNA) — If the U.S. bellicose quarters continue resorting to the adventurous war manoeuvres, misjudging peace efforts of the Democratic People's Republic of Korea, it will cause irrevocable grave consequences and the United States will be wholly to blame for them, warns MINJU CHOSON in a commentary today.

The news analyst goes on:

The joint meeting of the political parties and organisations of the DPRK, which was held in late January, raised a new proposal to make this "a year of peace and great national unity". But the United States is artificially aggravating the situation of the Korean peninsula, turning its back on this proposal.

Now the agreement on offering light water reactors has been concluded according to the DPRK-U.S. agreed framework and practical steps for it are being taken. And we are sincerely keeping our obligation of nuclear freeze under the agreed framework and giving active co-operation needed for it. At this time, the U.S. bellicose quarters are staging reckless war manoeuvres, driving the situation of the Korean peninsula to the extreme pitch of strain while instigating the South Korean puppets to inter-Korean confrontation, which will result in leading the agreed framework now being implemented to danger. We are not willing to implement the agreed framework, while having the dignity and sovereignty of our republic violated.

The United States must behave with discretion, clearly seeing the graveness of the developments. If the United States truly wants peace on the Korean peninsula, it must discontinue all the acts for war and confrontation at once and create favourable conditions for the implementation of the agreed framework. To this end, the United States must respond to the DPRK's proposal to ensure a lasting peace on the Korean peninsula.

The Korean people and the world peaceloving people will watch the acts of the United States.

DPRK: KCNA Decries ROK Army for Taking 'Combat Positions' in DMZ

SK0802040096 Pyongyang KCNA in English 0330 GMT 8 Feb 96

[FBIS Transcribed Text] Pyongyang, February 8 (KCNA) — South Korean puppet Army soldiers took combat positions in the Demilitarized Zone of the western sector of the front on February 5 and leveled recoilless guns and large-calibre machine guns for hours at civil policemen of our side on the opposite side, threatening their lives, military sources said.

On the fifth and sixth, hundreds of puppet Army soldiers armed with machine guns and automatic rifles wormed into the DMZ of the western, central and eastern sectors of the front, inciting a war atmosphere.

The South Korean puppets must not run amuck, mindful of the consequences to be entailed by the aggravation of tension in the DMZ.

DPRK: ROK Minister's Remarks on 'Threat From the North' Denounced

SK0802121696 Pyongyang Korean Central Broadcasting Network in Korean 0854 GMT 5 Feb 96

[Unattributed commentary: "Warmaniac's Slanderous Propaganda"]

[FBIS Translated Text] A few days ago, puppet National Defense Minister Yi Yang-ho fanned the confrontation yet again, laying the blame at our door. In a so-called monthly meeting, he clamored about establishing the perfect military countermeasures while describing the forthcoming National Assembly elections as the most vulnerable period in terms of security, making slanderous smears and gibberish about the so-called North Korean moves, the possibility of military provocation, and so forth. We do not feel it is necessary to argue about such preposterous remarks.

However, we cannot overlook the fact that the puppet national defense minister, who is frantically attempting to ignite the fuse of war of northward invasion in collusion with outside forces, has inspired confrontation and war fever against our Republic.

Yi Yang-ho babbled about the possibility of the North's provocation and the like. This can be uttered only by warmaniacs who possess neither reasonable thinking nor elementary observations of events.

In an effort to ease tensions on the Korean peninsula and to create circumstances favorable for peace and peaceful reunification, we put forward a proposal to establish a new peace-guarantee system in place of the present unstable armistice system, and have made sincere efforts for its realization.

In the recent joint meeting of parties and public organizations of the Republic, we put forward a proposal to make this year one of peace and great national unity. It is clear to everyone that our peace-loving policy and efforts have nothing to do with military action.

This notwithstanding, Yi Yang-ho noisily clamored again about the threat from the North, the possibility of military provocation, and the like. If he has a sound spirit, how can he utter such sophistries?

As the world knows, the military threat on the Korean peninsula comes from the South against the North. Even at this moment, the Kim Yong-sam ring is indiscreetly running wild to find a way out of its serious crisis in intensifying the anti-Republic confrontation and war maneuvers against the North.

The warmaniacs are not only constantly building up their armed forces, but every day are staging various types of adventurous war exercises for a northward invasion, including the winter season special warfare exercise-96. Thus, it is further bringing the situation to the brink of war.

The fact that the puppets plan to stage an unprecedentedly large war exercise to invade our Republic all year around, in collusion with bellicose elements in the United States, has recently been revealed. It is clear that while the puppets stage the military exercise in collusion with outside forces by mobilizing a large number of military troops and equipment with which they can sufficiently wage complete war, they will turn it into an overall war against us any time an opportunity is created.

The threat from the North that the Kim Yong-sam ring clamors about is precisely the slogan of a war of northward invasion. No matter what false propaganda, or smear propaganda, they may resort to, the puppets cannot cloud the bright image of our peace-loving Republic, nor can they cover up their true colors as bellicose elements who are bringing the dark clouds of a fratricidal war to the Korean peninsula.

The puppets should clearly know that their smear propaganda will more clearly reveal only their antinational, antipeace, and antireunification colors of attempting to make the nation the victim of a nuclear war by outside forces in a bid to satisfy their individual interests and greed for power, and should act discreetly.

That Yi Yang-ho clamored about strengthening the perfect military countermeasures while describing the period of the forthcoming National Assembly elections as the period of the most vulnerable security shows their sinister aim of militarily threatening the people who have risen up in the struggle against Kim Yong-sam and the New Korea Party and of backing up their fraud elections with bayonets.

However, it is indeed foolish that the Kim Yong-sam ring is trying to find a way out in further strengthening its maneuvers for confrontation against the Republic and for a war of northward invasion. The South Korean people and all fellow countrymen who cannot live without peace and reunification will never forgive the Kim Yong-sam bellicose group, which is gravely threatening the country's peace and the nation's security with provocative confrontation and war commotions.

The warmaniacs should act with discretion and should immediately renounce the adventurous war exercise commotions against our Republic. Otherwise, the puppets will pay a dear price for it.

DPRK: NODONG SINMUN Denounces 'Social Calamities' in South Korea

SK0802081696 Pyongyang KCNA in English 0813 GMT 8 Feb 96

["South Korea, Living Hell" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, February 8 (KCNA) — The ever more frequent social calamities and diseases are posing a constant threat of death to the working people and sacrificing their lives in South Korea.

Commenting on this fact, an analyst of NODONG SINMUN today says:

Even according to recent underestimated reports by the puppet Ministries of Health and Welfare and Labour, one of every 20 persons is suffering from hepatitis, tuberculosis and other chronic diseases in South Korea. Last year, 1,053,000 people were maimed for life owing to labour accidents or diseases.

Living environment and labour conditions of the working people have been further aggravated since the traitor Kim Yong-sam took the office.

The traitor has further intensified the fascist tyranny and stepped up war preparations, turning South Korea into the world's first "hell of labour" and "den of diseases," which is plagued with labour accidents and other social calamities as well as all kinds of chronic diseases.

It is natural that South Korea is branded with such infamy as ranking the first in the world in the labour calamities, traffic accidents and the death rate from hepatitis, tuberculosis and other diseases.

The miserable reality of South Korea reveals to the world the thrice-cursed crimes of the traitor Kim Yong-sam who is committing treachery and robbery to maintain his power and gratify his self- interest desire, not concerned about the living conditions of the working people at all.

DPRK: NODONG SINMUN Warns of Imperialists' 'Camouflage'

SK0802045696 Pyongyang KCNA in English 0421 GMT 8 Feb 96

["Vigilance Should Be Heightened Against Camouflage of Imperialists" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, February 8 (KCNA) — NODONG SINMUN on Feb. 7 stressed that the world people should keep a close eye on the camouflage of the imperialists and firmly adhere to the anti-imperialist stand.

The paper in a signed article said:

What is noticeable in the camouflage of the imperialists today is that they pretend to respect "national rights" and "interests" of all countries and call for "co-existence" and "common development" while talking as if they did not seek the aggressive intention. This is a cunning method to make people dispel bad feelings and vigilance against imperialism and have illusion about it so that the imperialists may freely encroach upon other countries and interfere in their business.

Call of the imperialists for "respect for national sovereignty", for "co-existence" and "co-prosperity" is false. Lurking behind it is their ulterior intention to draw other countries into their sphere of influence, colonize and victimize them for imperialist plunder and prosperity.

The imperialists reiterate "peace" whenever they have a chance. This is also an expression of their camouflage.

Imperialism is the root cause of instability and war and disturber and heinous enemy of peace.

The reckless military manoeuvres of imperialists in the Korean peninsula show well that they can never be pacifists. They now plan to unleash a second Korean war against the DPRK, involving allied forces.

They noisily advertise "aid" and "cooperation," talking as if they were helping others heart and soul. Their "aid" and "cooperation" is a trick to imbue people with illusion about capitalism and dull the anti-imperialist sentiments and make political, economic, ideological, cultural and military infiltration into other countries, especially developing countries, under the mask of "friend" so as to bring them under control and domination and intensify plunder.

The imperialists can never hide their ulterior intention and character whatever camouflage they may resort to.

DPRK: Talk Denounces 'Nation-Selling' Acts of Kim Yong-sam

SK0802114896 Pyongyang Korean Central Broadcasting Network in Korean 0755 GMT 7 Feb 96

["Dialogue" between station reporters Chong Song-kang and Yi In- chun: "Colonial Puppet's Loathsome Flunky and Nation-Selling Act"]

[FBIS Translated Text] [Yi In-chun] How are you?

[Chong Song-kang] Fine. How are you?

[Yi] Fine. The puppet traitor Kim Yong-sam, in collusion with outside forces, persistently adheres to flunky nation-selling maneuvers that harm his fellow countrymen, selling the national dignity and interest to them. Let us discuss this today.

[Chong] Okay. The puppet traitor Kim Yong-sam's flunky and nation-selling act as a colonial puppet is understood to come from his temper of currying favor with the U.S. imperialists. The puppet traitor Kim Yong-sam gives over $3 billion to his U.S. masters annually to maintain the U.S. Forces Korea [USFK], aggressive outside forces, and to keep the USFK permanently stationed in South Korea instead of having the USFK withdraw. In 1995, he conducted the rash act of volunteering to increase South Korea's share of the so-called defense budget by 10 percent a year.

In a bid to reduce all of South Korea to a U.S. advanced base for nuclear war and a base for the military invasion by outside forces, the puppet traitor Kim Yong-sam continues to bring into South Korea new equipment for a war of aggression and weapons of mass destruction and conducts various war exercise commotions in collusion with outside forces. A criminal attempt to harm us by employing outside forces is hidden behind these acts.

[Yi] That is right. The Kim Yong-sam ring has left the South Korean economy in the hands of outside forces. The puppet Kim Yong- sam clique has committed the crime of opening up the entire South Korean rice market to the United States. It has also opened up the South Korean financial market, leaving it in the hands of outside monopolistic capitalists.

[Chong] It really has.

[Yi] South Korea's overseas debts were $52 billion as of January 1994, but increased to over $70 billion in June 1995, did they not?

[Chong] Yes, they did.

[Yi] The puppets, who do not have an ounce of national dignity and self-esteem, are shaken up by the U.S. trade pressure that refuses to negotiate. Their state is servile.

[Chong] That is right.

[Yi] Lawyers in charge of international trade affairs noted that South Korea easily yields under U.S. trade pressure, and that it is frightened merely by the U.S. threat to file a lawsuit with the World Trade Organization, and thus makes concession. This is no accident.

[Chong] Surely not. The puppet Kim Yong-sam's flunky and nation-selling acts as a colonial puppet are also shown in his attempt to strengthen the political, economic, and military collusion with Japanese reactionaries. Saying the country should not be held captive by the past in improving relations with Japan, the puppet traitor Kim Yong-sam has turned the Japanese imperialists' criminal past into nothing. He also committed the criminal act of turning down the South Korean people's demand for a revision of the humiliating South Korea-Japan treaty signed in 1965, saying the treaty has served as a basis for South Korea-Japan relations for the past 30 years.

With regard to the absurd remarks by Japanese conservative politicians, which remind us of the ghost of militarism, the puppet traitor Kim Yong-sam supported the absurd remarks that deny the Japanese imperialists' invasion of Korea and their criminal history, and far from being angry with them, he has described this as a long- term issue and an issue for joint research.

During his recent visit to Japan, the puppet traitor Kim Yong-sam visited the vestige of a Japanese, his former school teacher during the Japanese rule of Korea, and paid respect to him while recollecting memories of his childhood. The puppet traitor Kim Yong-sam paid a courtesy call to the house of his former teacher, who had forced him to become a citizen of the Japanese empire, and urged joint research of the Japanese imperialists' cold-blooded past crimes. He is indeed a flunky nation-seller and a loathsome colonial puppet who would put the five traitors involved in the 1905 Ulsa Japan-Korea Protectorate Treaty to shame.

[Yi] That is true. The traitor Kim Yong-sam not only provided political and economic assistance for the reinvasion by Japanese reactionaries, but also agreed with Japan to conduct joint exercises between Japan's Self-Defense Forces and the South Korean puppet armed forces, and to exchange visits to each other's country.

Even now, when the DPRK and the U.S.-led Korean Peninsula Energy Development Organization [KEDO] signed an agreement to provide light-water reactors, the South Korean puppets mention the ridiculous sophistry that North Korea may not implement the agreement and may break its promise by resuming operation of its nuclear facilities, and are urging Western countries and Japan not to hurry the normalization of relations with North Korea. The rascals also asked them not to act behind South Korea's back, and are even showing the loathsome attitude of scheming to prevent such an act while begging to the outside forces.

[Chong] That is right. The puppet traitor Kim Yong-sam, embarrassed with the people's denunciation in connection with the secret fund scandal, is engaged in a deceptive maneuver to appease the South Korean people while desperately adhering to so-called globalization. All this is nothing but a mean trick to prolong his life under the protection of outside forces after tying the South Korean people with a bridle of colonial subordination by even more completely leaving all political, economic, cultural, and military affairs in the hands of outside forces.

The puppet Kim Yong-sam clique is trying to break the deadlock by relying upon outside forces and strengthening its flunky and nation- selling maneuver. However, this will only hasten its ruin.

[Yi] I believe so. Let us conclude today's discussion.

DPRK: Koreans in Japan Denounce Suppression of Pomminnyon in ROK

SK0802082796 Pyongyang KCNA in English 0806 GMT 8 Feb 96

[FBIS Transcribed Text] Tokyo, February 6 [date as received] (KNS-KCNA) —The headquarters of Korean residents in Japan of the National Alliance for the Country's Reunification (Pomminnyon) held an emergency meeting in Tokyo on Feb. 5 denouncing the South Korean rulers for suppressing the South side headquarters of Pomminnyon.

Rim Min-sik, director of the Secretariat of the Pomminnyon Overseas Headquarters, in his solidarity speech said that "civilian" dictators detained the members of the South side headquarters on the charge of violation of the "National Security Law" (NSL) and are trying to brand them as "spies". The Korean people at home and abroad, who desire the country's reunification, however, will surely overthrow the Kim Yong-sam group, he stressed.

Pak Mun-guk, vice-chairman of the Pomminnyon Headquarters of Korean residents in Japan, said the traitor Kim Yong-sam must clearly see the trend of the times, repeal the "NSL", anti-national, anti-reunification and anti-ethical fascist law, and release the imprisoned members of the South side headquarters and all the other pro-reunification patriots at once.

He called for powerfully conducting the nation-wide joint struggle for realising the proposal for reunification through confederacy in order to open a phase of independent and peaceful reunification of the country, in response to the letter sent by the joint meeting of the political parties and organisations in the DPRK held in Pyongyang on Jan. 31 to political parties, organisations and figures from all walks of life in South Korea and overseas.

The resolution adopted at the meeting said that the Pomminnyon organisations in the North, South and overseas and all the patriotic forces would pool their strength and powerfully conduct the struggle against the Kim Yong-sam fascist clique's scheme to obliterate Pomminnyon and for the release of the members of the South side headquarters of Pomminnyon.

DPRK: Chongnyon Expresses Support for Initiative of Joint Meeting

SK0802083396 Pyongyang KCNA in English 0817 GMT 8 Feb 96

[FBIS Transcribed Text] Tokyo, February 6 [date as received] (KNS-KCNA) —So Man-sul, vice-chairman of the Central Standing Committee of the General Association of Korean Residents in Japan (Chongnyon), published a statement on February 5 to fully support the initiative of the January 31 joint meeting of political parties and organizations in the DPRK held in Pyongyang.

The meeting had proposed that the North, South and overseas Koreans all work to make this "a year of peace and great national unity" and sent a letter to the political parties and organizations and personages in South Korea and overseas.

He said that all the officials of Chongnyon and Korean residents in Japan will turn out as one in the nation-wide struggle to this end in hearty response to the initiative of the joint meeting, which carries patriotism and the will for reunification.

"We will have a wide range of contact and dialogue with organizations and personages in South Korea and overseas, strengthen the great unity of the nation, avert the danger of war and actively wage a joint struggle for reunification by confederacy," he stressed and continued:

"Today our nation are faced with graver obstacles on the road to detente, reconciliation and reunification. So we call upon Mindan- lining compatriots to join us in the nation-wide struggle to preserve peace and security in the country and to open a phase for reunification irrespective of differences in ideology and affiliation."

DPRK: Various Groups Urge Japan To Reflect on WWII 'Crimes'

SK0802085496 Pyongyang KCNA in English 0846 GMT 8 Feb 96

[FBIS Transcribed Text] Pyongyang, February 8 (KCNA) — World public are earnestly calling upon Japan to honestly reflect on her past crimes against humankind, including the Korean people, and make an adequate compensation.

The National Liberation War Veterans Committee of Zimbabwe in a statement says that it was clearly proved by historical materials that the "Ulsa Five-Point Treaty" of 1905 and the "Chongmi Seven-Point Treaty" of 1907, with which the Japanese Government has described the Japanese empire's barbarous colonial rule in Korea as lawful, were all sheer fabrications and illegal "treaties" with no seal of the then king of Korea.

The statement says that in having still negated history and refused to atone for the past crimes, the Japanese Government shows that it has not yet abandoned its wild ambition for invasion of Korea and the rest of Asia.

THE NEW YORK TIMES said that the Japanese imperialists killed the queen of Korea and counted on strength in dissolving the Korean troops and in concluding "Korea-Japan Annexation Treaty".

After the annexation, the paper noted, Japan enforced the cruel governor-general rule urging the Koreans to discard their culture, forced slave labor upon them for the Japanese and massacred those against them.

D.P. Maheshwari [spelling of name as received], chairman of the Indian Federation for World Cooperation and Cultural Relations, in a statement said that the Japanese imperialists occupied Korea by force of arms and enforced the cruelest colonial rule ever known in the world for 41 years during which they murdered about one million Koreans, took away some six million people and reduced nearly 200,000 Korean women to "comfort women for the army".

If the Japanese Government wishes to enjoy trust from the people of Korea and the rest of Asia, he said, it should honestly reflect on its past.

The AZAP News Agency of Zaire said that the crimes committed by the old army of Japan against Korean women in the past were the cruelest ones in history and an unbearable insult to human conscience and morality.

The International Commission of Jurists in an appeal laid bare the craftiness and shamelessness of Japan in openly whitewashing its past crimes, and urged Japan to take an emergency measure for a total compensation to the former "comfort women for the army" and their reinstatement.

The Mozambican Committee for Friendship With the People of the Democratic People's Republic of Korea in a statement urged Japan not to try to deceive the world people with clamouring about "aid" and "international contribution" but to atone for its past crimes.

DPRK: PRC's CPC Delegation Visits Kumsusan Memorial Palace

SK0802050896 Pyongyang KCNA in English 0333 GMT 8 Feb 96

[FBIS Transcribed Text] Pyongyang, February 8 (KCNA) — A delegation of the International Liaison Department of the Central Committee of the Communist Party of China led by its Deputy Head Dai Bingguo on Wednesday visited Kumsusan Memorial Palace where the great leader President Kim Il-song is preserved in state and paid homage to him.

The guests expressed respect before the statue of President Kim Il-song and bowed to him who is laid in state.

Dai Bingguo wrote in the visitor's book that President Kim Il- song, the great leader of the Korean people and an intimate friend of the Chinese people, will be immortal."

DPRK: Kim Chong-il Thanks Officials, Workers for Helping Army

SK0802042796 Pyongyang KCNA in English 0325 GMT 8 Feb 96

[FBIS Transcribed Text] Pyongyang, February 8 (KCNA) — The great leader Comrade Kim Chong-il sent thanks to the Pyongyang General Garment Industry Bureau, officials of the Ministry of Construction, the Pyongyang Municipal Committee of the Korean Democratic Women's Union, worker of the Hyangsan Guidance Bureau Paek Hun, Kang Chong- ae of the youth hotel and other units, officials and working people for sincerely assisting the People's Army.

He also sent thanks to officials and working people of the Sinuiju cosmetic factory and the Ongnyu Garment Company who have done good things for society and collective.

DPRK: Delegation Departs for Kim Chong-il Celebrations in Ukraine

SK0802105996 Pyongyang KCNA in English 1043 GMT 8 Feb 96

[FBIS Transcribed Text] Pyongyang, February 8 (KCNA) — A delegation of the Korea-Ukraine Friendship Association led by Kim Hak-sop, minister of the post and telecommunications and chairman of the Korea-Ukraine Friendship Association, left here today to participate in the celebrations of the birthday of the great leader Comrade Kim Chong-il to be held in Ukraine.

DPRK: Groups in Pusan To Celebrate Kim Chong-il's Birthday

SK0802050396 Pyongyang KCNA in English 0329 GMT 8 Feb 96

["Birthday of General Kim Chong-il Will Be Celebrated as Common Holiday of Nation" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, February 8 (KCNA) — Members of the February 16 Sun Society and members of the Sobaeksu Society active in Pusan held meetings on January 15 and expressed their determination to significantly celebrate the birthday of the great leader Comrade Kim Chong-il, according to radio Voice of National Salvation from Seoul.

Members of the Sobaeksu Society at the meeting said it is the superlative moral obligation of the people that 70 million fellow countrymen celebrate together as a grand festival of the nation the birthday of the great man who makes the dignity of the nation shine all over the world. They hardened their determination to celebrate February 16 significantly.

The meeting held by members of the February 16 Sun Society adopted a resolution to celebrate February 16 as a common holiday of the nation.

The resolution said: It is the greatest fortune and supreme privilege of the nation to hold General Kim Chong-il whom all people look up to at the head of the Tangun nation. It is the unanimous desire of the nation to celebrate his birthday as a common holiday of the North and the South.

The February 16 Sun Society and the Sobaeksu Society have planned to conduct diverse activities such as lecture meetings, seminars, printing of wallpapers and photo exhibitions in conformity with circumstances and conditions on the occasion of February 16.

DPRK: Daily Views Kim Chong-il's Work on Revolutionary Literature

SK0802103896 Pyongyang KCNA in English 0840 GMT 8 Feb 96

["Immortal Banner For New Turn in Developing Chuche-Based Literature" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, February 8 (KCNA) — NODONG SINMUN today carries an article 30 years since the great leader Comrade Kim Chong-il published the historic work "Developing a New Type of Revolutionary Literature" on Feb. 7, 1966.

Comrade Kim Chong-il said:

"We must develop a new type of revolutionary literature. By a new type of revolutionary literature I mean a literature that describes the leader in the true sense of the word."

In the work he clarified that describing the leader is a fundamental matter that decides the destiny of the literature of socialist realism, the lifeblood of which is the party spirit. It is a very pressing task in view of the requirement of the revolution and the new situation for developing the chuche-based literature, he added.

He said the revolutionary literature depicting the leader should become the core of literature in general and, to this end, it must occupy the central position in the development of literature and play the pivotal role.

The great leader Comrade Kim Il-song's revolutionary history alone can serve as a textbook of revolutionary struggle for our people, he said.

The main idea of the work is that works of a new revolutionary literature depicting the leader should not be produced in such a way as writing a few short poems or short stories, but as revolutionary masterpieces that describe Comrade Kim Il-song in profound depth as a great thinker and theoretician, as the ever-victorious, iron-willed, brilliant commander and as a great man so that they will show the full aspects of his revolutionary history.

The author of the article says:

Since the idea and theory on literature and art for the portrayal of the leader of the working class were fully elucidated by respected Comrade Kim Chong-il, the chuche-oriented literature could dynamically advance along the straight road of its development.

Over the past 30 years since the publication of the work, lengthy stories in series, which comprehended the glorious and brilliant revolutionary history and immortal exploits of Comrade Kim Il-song, have been produced in large numbers under the energetic guidance of the party.

Typical of them are the cycle of novels "Immortal History" depicting the greatness of Comrade Kim Il-song in profound depth and the cycle of novels "Immortal Guidance" describing in depth the greatness of Comrade Kim Chong-il.

In poetic literature, too, many works such as the epic "Comrade Kim Il-song, Our Eternal Leader" and the song "The Leader Will Always Be With Us" were produced to greatly contribute to the establishment of the revolutionary outlook on the leader.

DPRK: Working People Pay Tribute to Kim Il-song at Kumsusan

SK0802105796 Pyongyang KCNA in English 1042 GMT 8 Feb 96

[FBIS Transcribed Text] Pyongyang, February 8 (KCNA) — Officials of the Central People's Committee, the State Physical Culture and Sports Commission and other central organs, public security workers under the Ministry of Public Security and working people from all walks of life in Pyongyang visited Kumsusan Memorial Palace, the supreme temple of chuche, to pay homage to the great leader President Kim Il-song 19 months after he passed away.

The visitors renewed their firm determination to hold President Kim Il-song in high esteem as the eternal leader of the Korean people, the eternal father of the nation and the sun of chuche for all ages and accomplish his revolutionary cause under the guidance of the great leader Comrade Kim Chong-il.

DPRK: National Meeting Marks Chondoist Chongu Party Founding

SK0802051196 Pyongyang KCNA in English 0426 GMT 8 Feb 96

[FBIS Transcribed Text] Pyongyang, February 8 (KCNA) — A national meeting took place here on Wednesday to commemorate the 50th anniversary of the foundation of the Chondoist Chongu Party.

The party was founded on February 8, 1946, to be a democratic political party for the building of a new country, independent, democratic and prospering, under the Chondoist idea of promoting national interests and welfare of the people and building a paradise on earth.

Yu Mi-yong, chairperson of the Central Committee of the Chondoist Chongu Party, in her report said that over the past 50 years the party has remained loyal to the mission and duty it assumes before the country and the nation, the era and history, upholding the great leader President Kim Il-song and respected General Kim Chong-il as the sun of the nation, the lodestar of national reunification.

She noted that the party has taken an active part in the work to found the Democratic People's Republic of Korea during the period of building a new country, in the struggle for victory in the fatherland liberation war, the postwar rehabilitation and development of the national economy and the building of socialism, and in the struggle to achieve the independent and peaceful reunification of the country.

She stressed the need to wage a more dynamic struggle for national reunification by pooling efforts with all other pro-reunification patriotic forces in the North, the South and overseas in order to make 1996 "a year of peace and great national unity," in hearty response to the ten-point programme of the great unity of the whole nation.

Present at the meeting on invitation were Kim Chung-nin, secretary of the Central Committee of the Workers' Party of Korea, and leading officials of other political parties and organisations.

DPRK: Chondoist Chongu Party Supports Joint Meeting Initiative

SK0802083096 Pyongyang KCNA in English 0809 GMT 8 Feb 96

[FBIS Transcribed Text] Pyongyang, February 8 (KCNA) — A spokesman for the Central Committee of the Chondoist Chongu Party in a press statement on February 7 positively supported the initiative of the joint meeting of the political parties and organisations in the Democratic People's Republic of Korea to make 1996 "a year of peace and great national unity" and its call for powerfully conducting a nationwide joint struggle for its realisation.

If the more undisguised moves of the bellicose elements within and without to provoke a new war are to be smashed, peace defended and a phase of reconciliation and reunification opened, the entire fellow countrymen in the North, the South and overseas should be firmly united as one under the banner of great national unity and vigorously launch a nationwide movement for peace, reconciliation and reunification, the spokesman said, and stressed:

The Central Committee of the Chondoist Chongu Party will have contact and dialogue with anyone without asking his past if he takes the road toward national reunification from the truly independent and national stand.

The Chongu Party members and Chondoists in the northern half of Korea will make all efforts to achieve great unity of the nation, rallied closely around respected General Kim Chong-il, the great leader of the nation and the lodestar of national reunification, upholding the ten-point programme of the great unity of the whole nation provided by the respected leader President Kim Il-song, the father of the nation.

South Korea

ROK: Lake: U.S. To Continue to Maintain Troops in Asia-Pacific

SK0802004396 Seoul YONHAP in English 0029 GMT 8 Feb 96

[FBIS Transcribed Text] Tokyo, Feb. 8 (YONHAP) — White House National Security Advisor Anthony Lake said Wednesday that the United States will continue to maintain its 100,000 troops stationed in the Asia-Pacific region, including 47,000 in Japan.

Meeting the Japanese press at the American Embassy here, Lake said he wonders what the people of Asia would think if the United States decided to reduce its military presence in the region, adding that America will continously safeguard the security and safety of not only East Asia but the entire Pacific as well.

Because security threats remain in East Asia, the U.S.-Japan security alliance and U.S. Forces deployed in the Pacific should be maintained, the White House security aide asserted.

Should American forces be cut back, it would adversely affect the region's security by intensifying an arms race among China, South and North Korea, Japan and Russia, Lake said.

Lake is visiting Tokyo to make preparations for U.S. President Bill Clinton's state visit to Japan in April.

Clinton is slated to discuss a wide range of issues with Japanese Prime Minister Ryutaro Hashimoto, including security, he added.

ROK: Daily Views Cancellation of Clinton Trip, U.S. Aid to DPRK

SK0702134096 Seoul CHUNGANG ILBO in Korean 7 Feb 96 p 6

[Article from the "Fountain" column: "ROK-U.S. Joint Cooperation"]

[FBIS Translated Text] The words "I will go to Korea" were a public pledge made by Eisenhower, who was a U.S. presidential candidate in 1952, meaning that "if I am elected president, I will go to Korea and end the Korean war." Nowadays such remarks are often used as a political expression meaning "the president wants to personally resolve the problem," rather than literally "go to Korea."

One of the purposes of a U.S. president visiting Korea during an Asian trip is to consider the U.S. troops stationed in Korea. In particular, mingling with U.S. soldiers by wearing a field uniform and encouraging them at a time when elections are near at hand is a good vote-winning tactic.

Clinton has decided not to visit the ROK while visiting Japan, using the pretext of a tight itinerary. The cancellation of his visit seems to be far from an attempt to take advantage of the visit as part of his re-election stragegy. In fact, President Clinton is refraining from using diplomatic issues in his election strategy. What he is doing has been called solitude amid "triangulation" [preceding word in English as published]. In other words, he is blocking liberal forces within the Democratic Party and maintaining a certain distance from traditional conservative forces within the Republican Party. Thus, he maintains a position of standing aloof from the two major political parties in Congress. This is a natural attitude for an incumbent president facing elections.

The provision of $2 million in food aid to North Korea is a unique presidential right and does not require congressional approval. The United States wants to prevent "a worst-case scenario, an unexpected, abrupt crisis" from breaking out in North Korea due to its serious food shortages. This U.S. policy was prompted by the idea that an extreme situation, comparable to the "Berlin airlift" crisis could emerge. This is far from our government's view of the situation.

Our agony is that North-South problems cannot be solved only by the two related parties. These problems cannot be a single-equation formula that binds the ROK, the United States, and Japan into one. Although the ROK and the United States maintain a joint cooperation system with a view to reaching agreement and sharing positions on certain problems, their consciousness of the situation and interests cannot always be consistent with one another. The practice of our side internally announcing it "agrees" despite differences in views and positions creates the problem. Such a cooperative system will only touch off distrust. The unilateral U.S. decision on aid (to North Korea), which came only nine days after a "common sharing of views" in Hawaii, is a good example of such a problem.

Mutual cooperation between two "performers" who make harmonious music by fine tuning two musical instruments called "the ROK" and "the United States" is most desirable. Even if one cannot think of "solitude amid triangulation," one should have a sense of making diplomatic measures stand aloof from "domestic issues," as well as from election strategy.

ROK: Taegu Reportedly Indicts U.S. Soldier for Attempted Rape

SK0802031796 Seoul HANGUK ILBO in Korean 7 Feb 96 p 39

[By Chong Kwang-chin from Taegu]

[FBIS Translated Text] On 6 February, the second section of the Criminal Department of the Taegu Prosecutor's Office indicted, without detention, Private Billy Lee Bennett, 18, a soldier with the 19th Support Group of the 8th U.S. Army, who attempted to rape a Korean woman working at a bar, on the charge of using violence and attempting to rape a woman.

The prosecution stated that it had indicted Private Lee for attempted rape and for beating and wounding Miss Chon, a Korean employee at the "M" bar of Ichon 1-Tong in Taegu's South District, around 0330 on 29 November 1995.

ROK: USFK Denies Soldier Turned Over to Taegu Prosecutor

SK0802021596 Seoul YONHAP in English 0024 GMT 8 Feb 96

[FBIS Transcribed Text] Seoul, Feb. 8 (YONHAP) — The United States Forces Korea (USFK) said Thursday that press reports indicating that an American soldier charged with attempted rape in Taegu has been handed over to Korean authorities are false, adding that the suspect is currently in U.S. custody.

Pvt. Billy Lee Bennett, 18, has been charged by Korean authorities with the attempted rape of a 48-year old hostess at a bar in Ichon-tong, Taegu, on Nov. 29 last year. She sustained injuries as a result.

The USFK dismissed the Feb. 7 KOREA TIMES newsbrief that said Bennett has been handed over to the Taegu district prosecutor's office.

ROK: USFK Rejects Request To Move Camp Hialeah From Pusan

SK0602012596 Seoul THE KOREA TIMES in English 6 Feb 96 p 1

[Report by staff reporter O Yong-chin]

[FBIS Transcribed Text] The U.S. Forces Korea [USFK] recently turned down a Korean government proposal to move Camp Hialeah out of Pusan City proper by June 1999, seriously jeopardizing the city's plan to build an athletes' village at the site for the 2002 Asian Games it is to host.

In a letter sent late last year to Defense Minister Yi Yang-ho, USFK Commander Gen. Gary Luck said that the timetable is "unrealistic" since more time is required to choose an alternative site and construct a new camp.

Pusan has submitted its detailed plan to the government to host the 2002 Asiad, under which an athletes' village will be built on the 138.5 acre (170,000 pyong) site located in the middle of the city. Residents of the city also say the camp contributes greatly to the traffic congestion there.

Under its plan, the city said that the athletes' village will take three years to construct, which means the site should be vacated by 1999.

A city spokesman said yesterday that the has no alternative construction site for Camp Hialeah so it will certainly jeopardize its overall plan to host the games, unless the camp is relocated in time. In the letter, Gen. Luck said that Camp Hialeah is supposed to accommodate reinforcements from the U.S. mainland should a war break out on the Korean Peninsula and that its relocation requires deeper consideration.

However, the USFK commander didn't recommend an alternative moving date for Camp Hialeah, only repeating that Korea should shoulder all expenses including the purchase of an alternative site and new facilities should be built to U.S. specifications.

Those U.S. demands, the same as made during stalled negotiations on the relocating of the U.S. Yongsan Garrison and adjoining camps in Seoul, dissuaded Korea from pursuing it due to the enormous cost it would entail.

Korea is considering setting aside in the neighborhood of 400 billion won [US$520 million] required to move the base out, far short of what is projected under the U.S. plan.

A senior Defense Ministry official said that negotiations are still underway with the USFK about the moving of

Camp Hialeah out of Pusan but that prospects of an early settlement are not bright.

"At present, it appears to be difficult to move the camp on time to meet Pusan's current schedule," he said.

A USFK spokesman said that he had no knowledge about Gen. Luck's letter sent to Minister Yi on the issue of moving Camp Hialeah out of Pusan.

ROK: Daily Views DPRK 'Double-Dealing' With U.S.

SK0402091796 Seoul TONG-A ILBO in Korean 4 Feb 96 p 26

[Article by Han Ki-hung: "The 'Two Faces' of North Korea's Attitude Toward the United States"]

[FBIS Translated Text] While making all-out efforts to improve its relations with the United States, on repeated occasions North Korea has fiercely slandered and defamed the United States regarding military and political matters, thus showing their double-dealing attitude.

In particular, it has been observed that the sensitive North Korean reaction to the military exercises the United States is going to jointly stage with the ROK showed that the attitude of the North Korean military toward the United States is still antagonistic, despite indications of improvement in overall U.S.-North Korea relations.

In its New Year's message, North Korea pointed out: "The issue that should be resolved with priority to ensure peace and stability on the Korean peninsula and to achieve national reunification is to establish a new peace regime between the DPRK and the United States." Thus, North Korea expressed the strong hope for improved relations with the United States.

The New Year message stressed: "If a peace regime is established between the DPRK and the United States, the situation on the Korean peninsula will be relaxed and the North-South agreement will be smoothly implemented, thus affirmatively influencing national reunification."

In a commentary broadcast on 4 January, North Korea claimed the worries by the ROK authorities about the possibility of North Korea failing to implement the light-water reactor agreement are "an act designed to disturb the improvement in DPRK-U.S. relations and to drive a wedge in relations between the two countries," again showing a strong attachment for improved relations with the United States.

However, North Korea denounced the port call of a U.S. nuclear submarine in Chinhae on 11 January "as an act clearly violating the DPRK-U.S. agreement (meaning the Geneva Agreement reached in October 1994) and an act of betrayal." Since then, North Korea has continued to sternly denounce U.S. military movements.

On 13 January, the secretariat of the Committee for the Peaceful Reunification of the Fatherland [CPRF] stated: "At a time when progress is being made in implementing the DPRK-U.S. framework agreement, military provocations continue. We cannot but take a serious view on this." The CPRF warned: "The United States should ponder the consequences that might arise from its reckless military provocations."

North Korea also asserted that "the U.S. anachronistic military policy for absolutely crushing the DPRK will not be tolerated" (Pyongyang Central Radio on 16 January) and "the U.S. hardline conservative forces are preparing for nuclear war" (NODONG SINMUN on 18 January), thus continuing its denunciations.

In addition, North Korea lodged a protest with the United States against its listing of North Korea as a nation banned from receiving exports of ultramodern weapons and technology. Thus, North Korea canceled the plan to send a Foreign Ministry delegation led by Yi Hyong-chol, director-general of American Bureau, to a seminar on North Korea's economy scheduled to be held in Washington on 5 February, thus showing their intention to lodge a protest through action.

Such an attitude by North Korea contradicts its earnest desire to receive practical U.S. assistance, as was seen in the 25 January request by Pak Kil-yon, DPRK Ambassador to the United Nations, for civilian-level food aid and for financial support of the expenses for participating in the Atlanta Olympics when he visited former U.S. President Carter.

Concerning this, a relevant official in the National Unification Board said: "There certainly is a confrontation between hardline and moderate factions within North Korea over the policy toward the United States. The DPRK-U.S. negotiations for returning the remains of U.S. soldiers ruptured, because military-related officials within the North Korean delegation held the Foreign Ministry officials in check."

However, the government observes that since North Korea has denounced the United States whenever ROK-U.S. joint military exercises were held in the past, the possibility of recent North Korean actions hampering the improvement of DPRK-U.S. relations is not high.

ROK: U.S. Restrictions on DPRK Diplomats' Travel 'Mere Formality'

SK0502213896 Seoul CHOSON ILBO in Korean 5 Feb 96 p 11

[Article by reporter Ku Song-chae: "Relaxed Restrictions on Activities by North Korean Diplomats in the United Nations"]

[FBIS Summary] North Korean Ambassador to the United Nations Pak Kil-yon and his wife were seen in a prayer breakfast meeting for President Clinton held in the Hilton Hotel in Washington on 1 February. Ambassador Pak flew from New York to Washington to attend the prayer meeting.

The U.S. Government's restrictions on North Korean diplomats' activities "have become little more than a mere formality." North Korean diplomats in the United Nations need permission from the U.S. State Department when they travel to a place over 25 miles (40 km) from UN Headquarters. However, people note that "with the improvement in U.S.-North Korea relations, the procedures have become a formality."

Prior to this, Ambassador Pak traveled to Georgia in the southern United States, which is located thousands of kilometers from Manhattan, from 24 to 27 January. In Georgia, he met former U.S. President Carter and visited the 1996 Atlanta Olympics Organization Committee and facilities there.

According to regulations, diplomats of "suspicious countries," including communist countries, must receive permission to travel outside the 40-km boundary. The United States gives permission for long-distance travel to a diplomat of one of these countries when it determines the travel is part of UN activities. However, "general evaluation of North Korea's diplomatic activities can be an important yardstick" in such a determination.

North Korea has failed to receive travel permission several times before. However, it has little difficulty in receiving permission these days "because of smooth relations between the United States and North Korea" represented by the conclusion of the agreement on the supply of light-water reactors to North Korea.

Some may believe that "it hardly matters that the issuance of travel permits increases in proportion to the number of contacts between the United States and North Korea." The issuance of travel permits to North Korean diplomats is "a matter that concerns U.S. sovereignty." However, "we cannot help but mind this because it can be considered a symptom of the improvement in U.S.-North Korea relations."

ROK: DPRK Reportedly Summons Envoy to Zambia Over Defections

SK0802014396 Seoul CHOSON ILBO in Korean 6 Feb 96 p 2

[FBIS Translated Text] It was learned on 5 February that North Korean ambassador to Zambia Kim Ung-sang had been summoned to North Korea to be reprimanded for the defection to Seoul by Third Secretary Hyon Song-il, his wife, and agent Cha Song-kun, and that he arrived in Pyongyang on 25 January.

A government source stated that: "Originally, Ambassador Kim was summoned to Pyongyang along with Third Secretary Hyon Song-il, but was summoned to North Korea alone on 23 January, following Hyon Song-il's defection to the ROK Embassy in Zambia."

The source added: "Kim Ung-sang will probably be removed from his current post and be imprisoned in a concentration camp as a result of the series of defections to Seoul by North Korean figures such as Hyon Song-il."

ROK: Council Discusses Measures For Accommodating DPRK Defectors

SK0802133096 Seoul CHOSON ILBO in Korean 7 Feb 96 p 5

[Report by correspondent Song Ui-tal: "The Advisory Council for Democratic and Peaceful Unification Discusses Measures — Urgent Training Is Needed for Those Who Escaped From the North To Be Self- Supportive"]

[FBIS Translated Summary] As an increasing number of North Koreans are escaping from the North and defecting to the South, the Advisory Council for Democratic and Peaceful Unification [ACDPU] held a meeting on 6 February to discuss measures to cope with the issue of North Korean residents who escape from North Korea and come to the South. The participants noted that the recent defections by North Korean residents, the majority of whom are government officials, senior military officers, and diplomats, are proof that North Korea is facing a serious crisis. They called for measures to accommodate and assist those who escape from the North.

Yi Kyong-suk, president of Sungmyong Women's University, observed that the increasing number of compatriots escaping from the North is attributable to the fundamental problems of the North Korean system, and stressed the need for measures to assist the defectors to adapt to the South's social environment, urging the government and businesses to establish a "fund for North Korean compatriots."

However, it has been reported that over half of the North Korean compatriots who escaped from the North and reside in the South are either jobless or are making their living as laborers. "Sin Yong- sok, director of the Institute for Peace Affairs, said that according to the Law on the Protection of Defecting North Korean Compatriots enacted in 1993, North Korean defectors receive seven million won [US$9090] as a deposit for a nine-pyong apartment; receive a stipend equivalent to 30 to 100 times the minimum monthly wage (the minimum monthly wage being 288,000 won [US$374] as of 1995); and receive money in return for the information and goods the defector provides (95 percent of defectors are not entitled to this money). However, 253 persons, nearly half of the total number of defectors, are either jobless or are making their living as laborers, failing to adapt to life in the South."

Director Sin Yong-sok added this situation led the Sungui Tongjihoe, the defectors' association, to plan a demonstration in front of the National Assembly last year to demand measures be taken to improve their livelihood.

"Yi Sang-u, a professor at Sogang University, said that a legal and systematic device to accommodate and adapt the defectors to the South should be established as a priority."

"Representing the government, Nam Chu-hong, secretary general of the ACDPU, said North Korea is toiling to adopt measures to prevent its residents from escaping, and that the South ought to prepare for the possibility of a North Korean retaliation and southward terrorism as witnessed by the abduction of Reverend An Sung-un. He added that the number of North Korean escapees is expected to increase in proportion to the crisis in the North Korean system, and that the government is planning to push ahead with its policy in three directions, namely the formation of a national consensus to accommodate the escapees, measures for those residents remaining in North Korea, and the formation of international opinion."

ROK: Ministry To Exert 'Flexibility' on DPRK's Foreign Relations

SK0802012196 Seoul THE KOREA TIMES in English 8 Feb 96 p 2

[FBIS Transcribed Text] Seoul will exert flexibility when friendly countries, except for the United States and Japan, move to establish diplomatic relations with North Korea, a senior Foreign Ministry official said yesterday.

Out of 182 counties with which Seoul has set up diplomatic relations, 55 counties hold diplomatic ties only with Seoul.

So far, Seoul has actively intervened in attempts by the United States and Japan to normalize their relations with North Korea.

"The government will cope with such moves in a flexible and case-by-case manner. However, we will persuade our allies to implement their policies in harmony with the improvement of inter-Korean relations and the North's observance of the Geneva nuclear accord," Deputy Foreign Minister Pan Ki-mun said in a press briefing on the on-going conference of Seoul's overseas mission chiefs.

Even though there is no country moving to set up diplomatic ties with North Korea at present, the issue was the target of close scrutiny by participating ambassadors, he added.

"There is a standing instruction handed down to Seoul's overseas missions. We are dealing with such moves separately from our positions on the cases of the United States and Japan," he said.

The deputy minister said that Seoul finds it difficult to actively seek to open North Korea to the outside world because Pyongyang considers it a threat to the survival of its current system.

"Therefore, North Korea holds a double-faced approach. While alienating South Korea, North Korea is continuously making efforts to improve its relations with the United States and Japan," he said.

Meanwhile, Seoul's ambassadors participating in the annual conference' agreed to step up "horizontal" communications with Korea's mission to the United Nations to improve Seoul's performances as a non-permanent member of the U.N. Security Council.

Seoul has already designated officers in charge of Security Council affairs at 35 overseas missions, he said.

"Korea, as a middle power, will step up its role as a bridge between Western countries and the Non-Aligned Movement (NAM), and between the advanced counties and the developing countries," he said. Seoul will continue to maintain a channel of dialogue with the NAM member countries, he added.

ROK: Defense Ministry Cancels Joint Exercise Near Tokto Island

SK0802070696 Seoul KBS-1 Radio Network in Korean 0300 GMT 8 Feb 96

[FBIS Translated Text] The Ministry of National Defense [MND] said that it called off its plan to conduct a joint Navy and Air Force field maneuver in the seas near Tokto Island which were slated for 12 February. The

MND said that it called off the field maneuver which is merely regular training, because it coincides with the Japanese declaration of the Exclusive Economic Zone [EEZ] scheduled for 16 February and, therefore, is likely to be misunderstood to be a military countermeasure against the Japanese declaration of the EEZ.

The Joint Chiefs of Staff originally planned to conduct a field maneuver, including the training for guiding bombers, on the sea near Tokto on 12 February in preparation for contingency, with the participation of the Navy ships and Air Force fighters.

ROK: Foreign Ministry: Tokdo Construction for 'Supply of Goods'

SK0802130096 Seoul YONHAP in English 1253 GMT 8 Feb 96

[FBIS Transcribed Text] Seoul, Feb. 8 (YONHAP) — The pier being built at Tokdo far off the east coast is to ensure safe supply of goods to the isolated isle, the Foreign Ministry said Thursday.

The comment by a ministry spokesman came after press reports from Tokyo indicated that Japanese Prime Minister Ryutaro Hashimoto expressed concern about the pier construction.

"Tokdo is integral part of our territory either historically or under international law," the spokesman said. "Therefore, this sort of work on the isle is a proper act of the exercise of our jurisdiction."

ROK To Provide KEDO With $6 Million for LWR Project

SK0802071796 Seoul CHUNGANG ILBO in Korean 8 Feb 96 p 1

[FBIS Translated Text] It has been learned that the government has decided to donate $6 million to Korean Peninsula Energy Development Organization [KEDO] for the project of providing light- water reactors [LWR] to North Korea if Japan pays part of the cost of heavy oil to be provided to North Korea. The government has reportedly already notified the KEDO of its decision.

In this regard, a ranking government official said on 7 February: "The donation of $6 million will be provided for preliminary activities in the LWR project, such as site survey and data collection, and not for the provision of heavy oil to North Korea." The official then stressed: "According to the agreement on the reactor provision, preliminary services are categorized as being part of the LWR supply project, so we will receive reimbursement for our donation once accounts are settled."

ROK: UN Report on Comfort Women Compensation 'Awkward' for ROK

SK0802081396 Seoul YONHAP in English 0747 GMT 8 Feb 96

[Report by Hwang Tu-hyong: "UN Report on Comfort Women Puts MOFA in Awkward Position"]

[FBIS Transcribed Text] Seoul, Feb. 8 (YONHAP) — The United Nations report on the issue of the so-called comfort women, who were forced to serve as prostitutes for Japanese soldiers during World War II, put the South Korean Government in an awkward position by concluding that the Government of Japan should pay compensation to the victims under international law.

The point is that the Seoul government so easily relinquished its right to claim compensation from the Tokyo government for the victims, while there are still conflicting interpretations of international law that disagree on whether or not the Japanese Government is liable for victim compensation.

Seoul's position has been that it is in no right to demand government-level compensation from Japan because the 1965 Korea- Japan Basic Treaty on normalization of relations has already settled all South Korean claims against the Japanese Government.

The treaty brought 500 million dollars in grants and loans to South Korea from Japan in return for Korea's relinquishment of all claims.

That's exactly what Japan takes as the basis for refusing to assume legal responsibilities for government-level compensation to the surviving comfort women.

The UN report, however, concluded that "the treaties do not cover the claims raised by former military sexual slaves and that the government of Japan remains legally responsible for the consequent violations of international humanitarian law."

Foreign Minister Kong No-myong underscored "the fact that the 1965 Japanese-Korean treaty which normalized diplomatic relations between the two countries, compensated for property damages inflicted during the war by the Japanese Government," while the report notes that "at that point, the issue of military sexual slaves had not been addressed."

The report also quoted the International Commission of Jurists (ICJ) as saying that "the treaties referred to by the Japanese Government never intended to include claims made by individuals for inhumane treatment."

With regard to Japan's contention that there must be a statute of limitations and that nearly 50 years have passed since the end of World War II, the report said "claims relating to reparations for gross violations of human rights shall not be subject to a statute of limitations."

Interestingly enough, high-ranking government officials at the Ministry of Justice and the Public Prosecutor's Office who were contacted by the special rapporteur, repeated the Japanese position, according to the report, by saying that "it was very difficult to determine whether the Government of Japan actually had a legal responsibility to compensate for crimes committed 50 years ago and whether or not bilateral or international treaties concluded at the end of the war might have also settled the issue of comfort women."

Officials of the Foreign Ministry [MOFA] expressed similar views, drawing strong criticism from the National Assembly and non- governmental organizations that support the claims of surviving comfort women.

Foreign Minister Kong once told the special rapporteur, according to the report, that "it was felt that the Asian Peace and Friendship Fund for Women was a sincere effort by the Government of Japan to accommodate the wishes of the Republic of Korea and the victims."

The fund, however, has been the target for criticism by victims and civil organizations supporting them.

A spokeswoman for the Korean Council of Women Drafted for Sexual Slavery by Japan demanded that the Foreign Ministry urge Japan to abolish the fund, insisting that the fund is nothing but a way for the Japanese Government to evade its legal responsibilities.

Denouncing the Foreign Ministry for taking "lukewarm" attitudes towards Japan on the comfort women issue, she also urged the ministry to officially demand that the Japanese Government compensate the victims.

"It seems to me that the Foreign Ministry does not want to take any responsibility for anything arising from the comfort women issue," she said.

A Foreign Ministry official admitted that his ministry cannot help but take into consideration bilateral relations in dealing with the comfort women issue.

"Although there can exist some controversies on the interpretation of Japan's legal responsibilities for the comfort women, our ministry does not want to dampen relations between the two countries by strongly pushing ahead with the issue," he said, meaning that his ministry wants to promote a future-oriented relationship with Japan without adhering to past issues.

A senior official at the South Korean Embassy in Tokyo recently told reporters that he could not understand why the surviving comfort women and their supporters do not want to accept financial assistance from the Asia Peace and Friendship Fund for Women when the comfort women issue is actually over.

A ministry statement, issued just after the release of the UN report on comfort women Tuesday [6 February], failed to make a formal demand that the Japanese Government compensate to the surviving comfort women.

It even took note of the Japanese Government's effort to illuminate the comfort women case, although the UN report never touched on that kind of efforts.

Apparently aware of the bitter sentiments, especially on the part of local media, another official who hurried to brief reporters later in the day, on the condition of anonymity, said that the Foreign Ministry will not oppose the idea of individual victims filing lawsuits with Japanese courts against the Japanese Government for compensation.

He said that his ministry will support the victims on the sidelines so they could win the cases.

Although the Seoul government is not in a position to formally demand that the Japanese Government compensate the victims, the South Korean Government would welcome a Japanese offer of governmental compensation for the victims, he added.

The National Assembly, meanwhile, advised last year that the Foreign Ministry formally request that the Japanese Government admit state responsibility, apologize officially and pay compensation accordingly.

North Korea denounced the Japanese Government's decision "to solicit funds from the public for the payment of atonement money to surviving victims is an insult to victimized states," and according to the UN report, also demanded immediate withdrawal of the fund.

The North also urged Japan to assume legal responsibility for the victims of the Japanese military slavery under international humanitarian law.

All told, the Foreign Ministry will be the only party concerned except for the Japanese Government that contends that Japan has no legal obligation to surviving comfort women, while the United Nations, victims and support groups, the National Assembly and even North Korea take the position that Japan should take legal responsibility for the comfort women issue.

ROK: Newly-Appointed Ambassador to Beijing To Depart 9 Feb

*SK0802102696 Seoul YONHAP in English
0752 GMT 8 Feb 96*

[FBIS Transcribed Text] Seoul, Feb. 8 (YONHAP) — Newly appointed ambassador to China Chong Chonguk will depart for Beijing Friday [9 February] to assume the ambassadorial post which has been vacant since last December.

Chong's predecessor Hwang Pyong-tae resigned last December to run for a seat in the parliamentarian election to be held on April 11.

Chong said that he was in no position to stay in Seoul until the meeting of overseas envoys concluded this weekend because the post has been vacant for so long.

Chong told reporters that he will do his best to help South Korean businessmen improve trade and investment opportunities in china.

"I'm going to visit as many South Korean businessmen as possible working in China during the early part of my tenure," he said.

Chong said that he is especially interested in Shandong Province which has absorbed about 30 percent of South Korea's total investment in China.

Some of the pending issues between the two countries include the alleged kidnapping of Pastor An Sung-un, the establishment of a South Korean consulate general in the northeastern Chinese city of Shenyang, and bilateral talks on the designation of 200-nautical mile exclusive economic zones [EEZ].

Evaluating the efforts by the Chinese Government to try those involved in the An case, Chong said that he will continue to ask Beijing to reveal the whole truth.

He also said that South Korea will push ahead with its plan to open the consulate general in the center of the northeast China where many ethnic Koreans reside and many Korean tourists visit.

He did not expect much difficulties in negotiations with China on the EEZ issue compared with similar talks with Japan.

ROK: Military Pacts With Canada, Russia, Romania Planned

SK0402045196 Seoul THE KOREA TIMES in English 4 Feb 96 p 3

[FBIS Transcribed Text] South Korea aims to conclude military logistics and procurement agreements with Canada, Russia and Romania this year.

Announcing new policies on acquisition and development of military equipment, the Defense Ministry said that it hopes to acquire sophisticated video information systems technology from Canada, a leader in the field.

At present, Korea has military agreements with Israel, Indonesia, the Philippines and six other countries.

A ministry official said that it is moving to establish agreements with as many countries as possible on a selective basis to diversify its sources of military hardware and software, at present heavily concentrated on the United States.

"In addition, Korea hopes to export military items to developing countries, while increasing alternative sources of military technologies the United States is reluctant to provide," he said.

ROK: Kim Yong-sam Hosts Luncheon for Financial Institution Heads

SK0802080296 Seoul YONHAP in English 0440 GMT 8 Feb 96

[FBIS Transcribed Text] Seoul, Feb. 8 (YONHAP) — President Kim Yong-sam discussed ways of assisting small businesses and other financial issues with heads of financial institutions at a Chongwadae [presidential offices] luncheon Thursday.

"Fostering healthy small businesses is very important for the future of the nation's economy," Kim noted, and asked the participants to support medium- and small-sized enterprises experiencing difficulties in the process of structural adjustment.

The president instructed Deputy Prime Minister and Finance and Economy Minister Na Ung-pae, who was also present, to work out institutional devices to evaluate the performance of financial management institutions with an emphasis on small business loans, the ratio of loans given on credit, and the size of bad loans.

Emphasizing the need for financial institutions to enhance their competitive edge in the international financial market, Kim asked the participants to take the lead in such efforts.

There were 48 heads of financial institutions, banks, securities and insurance firms at the luncheon, including Bank of Korea Governor Yi Kyong-sik, Office of Bank Supervision Superintendent Kim Yong-chin, Securities Supervisory Board Chairman Paek Won-ku and Insurance Supervisory Board Chairman Yi Su-hyu.

ROK: Kim Yong-sam Presents Letters of Nomination to Party Nominees

SK0802112296 Seoul YONHAP in English 1058 GMT 8 Feb 96

[FBIS Transcribed Text] Seoul, Feb. 8 (YONHAP) — President Kim Yong-sam on Thursday stressed that his ruling New Korea Party [NKP] should win the upcoming general elections.

"If we fail to secure a majority on the floor, there would be no reform nor stability," Kim, who is concurrent president of the ruling party, said.

While personally presenting letters of nomination to 253 NKP candidates who will run in the April elections from their local electoral districts, the president said the ongoing reform would end in success only when political stability is ensured in the future.

On hand at the brief Chongwadae [presidential offices] ceremony were NKP Election Campaign Headquarters Chairman Yi Hoe-chang, former assemblyman Pak Chang-chong and State Minister Chu Ton-sik.

ROK: Kim Tae-chung 'Nervous' About Assembly Elections

SK0602005996 Seoul THE KOREA TIMES in English 6 Feb 96 p 2

[FBIS Transcribed Text] Feeling nervous about the outcome of the National Assembly elections, Kim Tae-chung, president of the National Congress for New Politics [NCNP], is stepping up "on-site inspections," particularly of the metropolitan area.

He is gathering chairpersons of the district party chapters for a series of strategy-building pow wows in preparation for the upcoming elections. In his first such breakfast meeting with the chairpersons of the NCNP chapters in northwest Seoul yesterday, Kim mentioned the possibility of the adoption of a cabinet government system should the ruling party win a majority in the National Assembly elections.

Kim has been plagued by uncertainties since the ruling New Korea Party [NKP] succeeded in recruiting Yi Hoe-chang and Pak Chan-chong and has repeatedly warned members of his party to be on their toes and not to get too complacent despite the great support shown for the NCNP in various polls.

The political elder has also strongly refuted the unenthusiastic comments of his staff members, who have maintained that Yi and Pak's NKP membership will make little difference to the electoral landscape, saying that the two should not be underestimated.

The president of NCNP is highly aware that his political future hinges on how the party fares in the metropolitan area and his home base of the Honam region where he is strong. As a result, Kim has continued to emphasize the need for a "vigilance in the metropolitan area" where surveys have showed that voters' familiarity with his party candidates does not come up to his expectations.

At an informal meeting with the press last Thursday [1 February], Kim hinted he might drop some of the party's candidates in the metropolitan area, who are less known compared to their opponents, from nomination, thereby indicating that many of the current hopefuls who think they are assured of the party nomination, might be excluded.

ROK: Seoul Politician Arrested for Election Law Violation

SK0802031996 Seoul YONHAP in English 0107 GMT 8 Feb 96

[FBIS Transcribed Text] Seoul, Feb. 8 (YONHAP) — A Seoul ward chief suspected of violating an election law by carrying an article about the activities of a specific political party in the ward's newsletter was arrested by the police Wednesday.

Administrator Pan Sang-kyun of Kumchon ward is accused of carrying a story in the gazette's Jan. 10 edition about Rep. Yi Kyong-chae of the opposition National Congress for New Politics (NCNP) who reportedly delivered supplies for the needy people to a senior citizen home and orphanage last December, according to Seoul Nambu police station.

Pan is the first popularly-elected ward head to be arrested in connection with the general elections slated for April.

Police said that approximately 1,200 to 2,400 copies of the newsletter were distributed to 12 tongs, the smallest administrative units.

The administrator's Chief Secretary Yi Song-yon was also arrested by the police who suspect that he instructed the gazette to carry the article.

ROK: Court Rejects Police Request for Warrant Against Ward Chief

SK0802102496 Seoul YONHAP in English 0552 GMT 8 Feb 96

[FBIS Transcribed Text] Seoul, Feb. 8 (YONHAP) — A Seoul court on Thursday turned down a police application for an arrest warrant against an elected ward chief in Seoul booked on charges of election law violations.

Ruling against the application, Judge Ha Kwang-yong of the Seoul District Court's Nambu Branch said the application lacks evidence supporting the charges facing Pang Sang-kyun, 60, head of Kumchon Ward of Seoul affiliated with the main opposition National Congress for New Politics (NCNP).

Police released Pang from detention immediately after the court's ruling.

Pang was detained Wednesday [7 February] on charges of violating the election law by reporting NCNP Rep. Yi Kyong-chae's gifts to needy people last December.

But the court did order police to arrest Pang's secretary, Yi Song-yon, 51, for his role in carrying a story publicizing Rep. Yi's gift-giving in the ward's gazette.

Under current Election Law, civil servants are barred from conducting any public relations activity for those running for elective posts.

ROK: Former Finance Minister Convicted of Bribery

SK0802033296 Seoul YONHAP in English 0249 GMT 8 Feb 96

[FBIS Transcribed Text] Seoul, Feb. 8 (YONHAP) — Former Finance Minister Yi Yong-man, 61, was sentenced to two and half years in prison and a 140 million won (about 180,000 U.S. dollars) fine Thursday, after being convicted of bribery.

The Seoul District Court also sentenced former Tonghwa Bank President An Yong-mo, 61, who gave a 140 million won bribe to Yi, to 10 months in prison with a two year stay of execution.

Yi, as finance minister, received the money in March 1992 from An, who asked him to be lenient in the ministry's supervision of the bank.

Yi left the country in March 1993 when the Seoul Prosecutor's Office began to investigate An, but was arrested upon his return last July.

ROK: Kim Chong-suk Fills NKP National Assembly Seat

SK0802033196 Seoul YONHAP in English 0209 GMT 8 Feb 96

[FBIS Transcribed Text] Seoul, Feb. 8 (YONHAP) — Ruling New Korea Party's Women Affairs Committee Chairman Kim Chong-suk became a lawmaker on the party's national representation ticket Thursday.

Kim joined the National Assembly to fill the vacant parliamentary seat left by her predecessor Choe Sang-yong, who left the ruling party to enter the opposition United Liberal Democrats.

A graduate of Korea University, Kim, 49, obtained a doctorate degree in education at George Washington University in the United States. She once served as vice state minister for political affairs on women.

Cambodia

Cambodia: Broadcaster's Shooting Believed Politically Motivated

BK0802104896 Hong Kong AFP in English 1019 GMT 8 Feb 96

[FBIS Transcribed Text] PHNOM PENH, Feb 8 (AFP) — A popular Cambodian radio personality affiliated with the royalist FUNCINPEC [National United Front for an Indepedent, Neutral, Peaceful and Cooperative Cambodia] political party was shot Thursday in a daylight attack on a busy street, police said.

Ek Mongkul, 40, co-host of a radio call-in show on FM 90, which is owned by the FUNCINPEC party, was shot three times, twice in the chest and once in the neck by four men just before noon (0500 GMT) behind the royal palace, they said.

"Four assailants on a motorbike shot him and escaped," said King Samnang, deputy director of the National Police, adding that an investigation was underway and an all-points bulletin had been issued for the attackers.

He declined to speculate on the motive for the attack, but several of Ek Mongkul's friends and colleagues said the shooting had been politically motivated.

"It is not a banditry case because they did not take his belongings, but just shot him and left him to die," said one of his co-workers who declined to be named adding he was frightened for his safety.

For the past several days, Ek Mongkul had been quoting from newspaper editorials that called for the government to take serious action to stop the Vietnamese from encroaching on Cambodian territory, the co-worker said.

First Prime Minister Prince Norodom Ranariddh, the leader of the FUNCINPEC party, last month accused the Vietnamese of "invading" Cambodia by slowly moving their border westward.

Vietnamese officials denied the charge and both sides have called for a peaceful resolution of the dispute.

Ek Mongkul was in critical condition at a Phnom Penh hospital and was expected to be evacuated to Bangkok for further emergency treatment.

Cambodia: Details of 7 Feb Cabinet Meeting on SRV Dispute Reported

BK0802044996 Phnom Penh National Radio of Cambodia Network in Cambodian 0200 GMT 8 Feb 96

[FBIS Translated Text] The Council of Ministers held a cabinet meeting at 0830 on the morning of 7 February under the chairmanship of Second Prime Minister Samdech Hun Sen of the Kingdom of Cambodia to discuss the current situation along the Cambodian-Vietnamese border. After exchanging views on a number of problems arising along the two countries' common border, the meeting adopted a stance to resolve the problems as follows:

The Royal Government of Cambodia [RGC] has strived under all circumstances to quietly settle the border problems in a peaceful, friendly, and cooperative atmosphere in order to avoid armed confrontations between the border defense forces of the Kingdom of Cambodia and the SRV. The RGC maintains, however, its stance of firmly defending the Cambodian motherland's sovereignty and territorial integrity.

The RGC will settle the border problems based on the principle of the joint communique issued and signed by the RGC and the SRV Government on 17 January 1995.

The RGC will continue to settle the border problems through peaceful means, including assigning local authorities to continue resolving the problems hierarchically from the border post and commune to the battalion levels and from the border district to the provincial levels. In the event they are unable to find a solution, the provincial authorities should present reports to the ministries and RGC, enabling them to examine and resolve the problems in accordance with the facts of the situation.

The RGC ordered the Law Study and Research Committee [konakkammathika seksa sravchreav khang visai chbap] and the Specialized Border Committee [konakkammathika chumneanh prumden] to continue their study and to do scrupulous and meticulous research in preparation for holding specialized meetings with the Vietnamese side on the border problems.

The meeting concluded at 1300 in a spirit of unity and a deep sense of responsibility.

Cambodia: Khmer Nation Party Condemns Vietnamese 'Invasion'

BK0802051796 Phnom Penh SAMLENG YUVEAKCHON KHMER in Cambodian 1-2 Feb 96 pp 1, 3

[Statement by Kong Koam, acting chairman of Khmer Nation Party, issued on 30 January; place not given]

[FBIS Translated Text] I, Kong Koam, acting chairman of the Khmer Nation Party [KNP], together with some members of the KNP Executive Committee and a number of national journalists, went on 28 January to the Dong village in the Dong commune of Romeas Hek District, Svay Rieng Province, to inspect the situation there and to seek information from the inhabitants who have lost their land due to the invasion by Vietnamese troops.

According to the border patrol police authorities and the victimized inhabitants, the land that was invaded by Vietnamese troops between 19 December 1995 and January 1996 is an area 1,170 meters deep. The total area that the Vietnamese troops have invaded since 1979 is over 10 kms deep. These areas had been controlled by Cambodian authorities and cultivated by the Cambodian people for generations.

On behalf of the KNP and the Cambodian people who are the victims of this land grabbing, I strongly condemn the expansionist policy of the Hanoi authorities.

The KNP earnestly demands the Royal Government of Cambodia to propose to the signatories of the 23 October 1991 Paris Agreements to continue paying attention to the opposing all of Vietnam's acts and schemes in encroaching upon and sabotaging the sovereignty and territorial integrity of the Kingdom of Cambodia.

Once again, the KNP most strongly condemns the Vietnamese authorities for the gross and barbarous invasion and occupation of the Cambodian territorial integrity, which has affected the property, lives, and interests of the Cambodian people and especially their invasion and occupation of Dong village, Dong commune, Romeas Hek District, Svay Rieng Province.

[signed] Acting Chairman Kong Koam

[dated] Phnom Penh, 30 January 1996

Cambodia: Khmer Rouge Minister on Immigration Law

BK0602070596 (Clandestine) Radio of the Provisional Government of National Union and National Salvation of Cambodia in Cambodian 2330 GMT 5 Feb 96

[Interview with Mak Ben, minister in charge of rural areas, agriculture, and water conservancy of the Provisional Government of National Union and National Salvation of Cambodia, by an unidentified correspondent on 5 February; place not given — recorded]

[FBIS Translated Text] [Correspondent] Greetings, Your Excellency. What did the Provisional Government of National Union and National Salvation of Cambodia [PGNUNS] discuss during its 5 February cabinet meeting?

[Mak] The cabinet paid particular attention at its 5 February meeting to examining the Immigration Ministry's report on the implementation of the nationality and immigration laws enacted by PGNUNS, which were officially implemented on 1 January 1996. The cabinet realized that all of our people are happy with these two laws and have joined in implementing them with a sense of responsibility as owners of the country and land who control their own destiny.

Our people know well that the PGNUNS' nationality and immigration laws have been enacted and implemented to solve the problem of the deportation of ethnic Vietnamese from Cambodia, to defend the national and people's interests, and to prevent the Vietnamese and dishonest foreign traders from swindling, exploiting, and eating the flesh and sucking the blood of our nation and people at will. They are unlike the nationality and immigration laws of the two-headed lackeys of Vietnam, which have been enacted only to serve their deceitful demagogic campaigns to allow communist Vietnam and ethnic Vietnamese to annex Cambodia and thus to realize communist Vietnam's Indochina federation strategy.

The cabinet set forth a number of additional measures and advice to expedite the implementation of these two laws even more effectively.

[Correspondent] The peasants have lost their land, have become very poor, and are starving because the Vietnamese have plundered everything. How is this problem going to be solved?

[Mak] The people have lost their land, rice fields, orchards, cattle, and everything else. They have nothing left, no means to earn their living. Millions of them died of starvation. Why? It is because they were robbed by Vietnam, the communist Vietnamese puppet administration, and dishonest foreign traders. How many plots of land, rice fields, orchards, rivers, lakes, and ponds have the more than 4 million ethnic Vietnamese plundered from our people? They have plundered many millions of hectares.

The Vietnamese have seized control of all our lakes and streams and of 70 to 80 percent of the land around Tonle Sap Lake, the Basak River, and along the Mekong River below Phnom Penh. Phsar Kraom and Chhnok Tru in Kompong Chhnang Province, Kompong Phluk and Kompong Khleang in Siem Reap Province, Krakor in Pursat Province, and other towns have been almost completely transformed into Vietnamese towns. The Vietnamese have plundered all of our rice crops. They have caught all our fish, even the small ones, using tightly woven nets and electrical shocks.

There are ethnic Vietnamese everywhere in Phnom Penh (?and the suburbs), as well as in Svay Pak and Chhba Ampeou. The same thing is happening in the interior of the country. The Vietnamese have nibbled at millions of hectares of Cambodian land along the border, from the Dragon's tail area [in Ratanakiri Province] to the sea. The Vietnamese have moved Cambodian border markers and have dug canals inside Cambodian territory. They dug up palm trees in Cambodian territory and planted bamboo trees instead in order to transform Cambodian topography into Vietnamese. The Vietnamese grabbed Cambodian land in the east in order to push Cambodians to the west.

The communist Vietnamese enemy, the ethnic Vietnamese, and the two heads have plundered our people of everything. They have caused famine in the countryside to starve and impoverish our Cambodian people in order to forcibly recruit them and send them to fight and die, thus leaving more land for them to grab. The Vietnamese did not die. More are coming from Vietnam, and more are being born inside our country to carry on their expansion and the plundering of our Cambodian land.

[Mak continues] How do we solve the land problem for our people so that they have the land and water to earn their living? I would like to stress the political program of the National Union Party [NUP] and the unswerving stand of the PGNUNS. It is that the Cambodian people must enjoy the right to land ownership. The land plundered by the Vietnamese in the interior of the country and along the border must be taken back and returned to the Cambodian people, the original owners. The land that the communist Vietnamese puppet administration and the two-headed lackeys of Vietnam plundered from the people, distributed to their colleagues, or sold out to dishonest foreign traders must be taken back and returned to the people, the original owners.

Article 3 of the PGNUNS' Immigration Law and the directive on the implementation of this law dated 29 December 1995 clearly stresses this matter. People wonder who is going to solve the problem? The people's forces will solve it in accordance with the law and in the spirit of international law and our former laws. It will be resolved through struggle. We must struggle to recover from the bandits — Vietnamese and Cambodian bandits, the two heads, puppet administrators, provincial and district governors, and Vietnamese authorities in communes and villages. Only through struggle can our people recover their land, rice fields, orchards, rivers, lakes, ponds, and forests from the bandits. Our people have the full right to fight. The PGNUNS and NUP stand by the side with the people and join with the people in this struggle.

[Correspondent] Thank you, Your Excellency. Recently, the two heads ordered hundreds of fully armed troops and policemen to surround and ransack the office of Sam Rangsi's Khmer Nation Party. What does this event show?

[Mak] Both Cambodians and foreigners have learned and heard about this event. They know that it was ordered by communist Vietnam and Hun Sen. Why did communist Vietnam and Hun Sen do this? They did it to smash Sam Rangsi's party. The communist Vietnamese would not allow any other party but their puppet party to exist. They would eliminate all the political parties and politicians who are not communist Vietnamese puppets. The communist Vietnamese and Hun Sen—goon of communist Vietnam—have done this all along. They cut off the head of the FUNCINPEC [National United Front for an Independent, Neutral, Peaceful, and Cooperative Cambodia] party and smashed and dissolved it. They dissolved His Excellency Son Sann's party. They refuse to allow a multi-party democracy and a liberal democratic election. The Constitution of the Kingdom of Cambodia exists only on paper. The Vietnamese have monopolized everything and have been as fascist as in the past.

[Correspondent] Another question. How is the dry-season situation on the battlefield?

[Mak] The two heads' situation on the battlefield is that it has continued to decline. They have completely lost the initiative. After only three months of this dry season, they have begun to make a little move. It is, however, merely their attempt to get out of the current predicament. The enemy has tried to get out of this predicament in order to buy time. He does not have enough forces; thus, he will not be able to extricate himself from this difficulty. The two heads have suffered this predicament, not only in the military, but also in the political and social fields. Their economy has declined completely. The enemy will not be able to resist the resistance forces of the Cambodian nation and people. The communist Vietnamese have already tried very hard but have failed to resist us. UNTAC [UN Transitional Authority in Cambodia] has also failed. The two heads have also failed to resist us.

Both the Cambodians and foreigners have seen clearly that the two heads will not be able to pull through. The two heads suffered defeats in the past three rainy seasons and two dry seasons. They are suffering heavy defeats in this 18th dry season. They will certainly suffer more heavy defeats during the coming rainy season and continue to decline with each passing season.

Cambodia: Hun Sen Chairs Cabinet Meeting 7 Feb

BK0702062996 Phnom Penh National Radio of Cambodia Network in Cambodian 0500 GMT 7 Feb 96

[FBIS Translated Text] The Council of Ministers of the Kingdom of Cambodia held a plenary cabinet meeting this morning under the chairmanship of Second Prime Minister Samdech Hun Sen of the Royal Government of Cambodia to examine and discuss the following two issues:

1. The situation along the Cambodian-Vietnamese border; and

2. a report by the Ministry of Foreign Affairs and International Cooperation.

Cambodia: KRAF's Offensive on Northwest Front Detailed

BK0802053996 Phnom Penh REAKSMEI KAMPUCHEA in Cambodian 8 Feb 96 pp 1, 2

[Report by Peyatro]

[FBIS Translated Excerpt] An Army official of the 5th Military Region in northwest Cambodia said that the Khmer Royal Armed Forces [KRAF] has achieved two-thirds of their planned victory over the enemy in the first phase, 15-31 January. The KRAF is now in the process of achieving the remainder of its first-phase goals, which should be completely accomplished between 5 and 15 February. This will enable the government troops to proceed with the second phase in the near future. Their first-phase objectives, however, have not been reported.

Commenting on the aforementioned report, Colonel Chum Sambat, a Defense Ministry spokesman, told REAKSMEI KAMPUCHEA on 6 February that the KRAF had achieved noticeable success in the offensive that was launched between 15 and 31 January, despite tenacious counterattacks by the Khmer Rouge bandits. During the first phase, KRAF units at each front captured two-thirds of the rebels' important positions. This was in accordance with the planned target. The government troops are now moving forward to seize, between 5 and 15 February, all of the remaining enemy positions that were targeted for the first phase. [passage omitted]

Government troops reportedly killed 71 rebels and wounded 57 others during the first phase. On the government side, no more than 22 soldiers were killed and 52 others wounded. Four government soldiers were also reported missing in the fighting. The government troops seized many thousands of tonnes of assorted weapons and ammunition in the Khmer Rouge-controlled regions.

A general who is an observer at the Defense Ministry told REAKSMEI KAMPUCHEA on 6 February that more money was spent on this year's offensive than in 1994 and that the fighting spirit of the combatants was ardent, because they had absolute confidence in the KRAF. Desertions by government troops were infrequent and amounted to only about 3 to 5 percent of the troops if they occurred.

It is worth noting that the northwestern front has been a scorching battlefield under the command of Chief of Staff General Ke Kimyan. This front is the government troops' stepping stone to the capture of Pailin, as well as to smashing and capturing the rebel headquarters at Phnum Malai Hill.

Cambodia: Rangsi To Form Team To Check Wealth of Hun Sen, Others

BK0302144996 Phnom Penh MONEAKSEKA KHMER in Cambodian 30-31 Jan 96 pp 1, 3

[Report by Sokun Mealea]

[FBIS Translated Excerpt] [passage omitted] According to an unofficial report, Sam Rangsi — who is a former state minister, a former minister of economy and finance, a former MP of the Siem Reap constituency, and the current leader of the major democratic opposition Khmer Nation Party [KNP] — will create an inspection group, consisting of honest officials, to cooperate with an international inspection team to investigate the illegally acquired wealth of Hun Sen and other corrupt officials. In addition, the group will also investigate the crimes, corruption, and the destruction of natural resources carried out by government leaders over the past two years and more.

The hapless fate of former South Korean President Roh Tae Woo, who is being indicted by the South Korean Supreme Court for corrupt practices while in power, is now obsessing Hun Sen in Cambodia.

As for corrupt government officials, they could also stand trial should the investigation to be conducted in 1998 prove that they are guilty.

Moreover, Second Prime Minister Hun Sen, who is talking big and using demagogic tactics to deceive the people and retain power, is doomed to fail. He will inevitably be laid bare before the law, the truth, and justice.

Social justice and democracy in Cambodia will certainly come back to life again, thanks to the prowess of the distinguished Cambodian people themselves and to certain honest and popular personalities. Everything belonging to the group of corrupt officials will end in 1998, without fail.

Cambodia: Co-Prime Ministers Accused of Arranging for Log Exports

BK0202154196 Phnom Penh CHAKKRAVAL in Cambodian 28 Jan 96 pp 1, 4

[Report by Pkay Proek]

[FBIS Translated Text] A Forestry and Wildlife Department official has discussed the difficulties of preventing the export of logs. He said one problem is that individual and company owners of logs felled both illegally and legally for local use have arranged for field-grade armed forces officers to protect their log exports. Another problem is that the companies that have permits to fell logs for local use have asked the higher authorities for permission to export tens of thousands of cubic meters of their logs. Asked by a journalist which authorities have granted permission contrary to the law, this official replied: It is not the department but the two prime ministers themselves (sic) who have smoothed out this arrangement.

The official added that tens of thousands of cubic meters of logs lacking export permits have been confiscated by the competent authorities in Sihanoukville. The company owners tried to get help from the department, but they were unsuccessful. Therefore, they are going to see the higher authorities again. The official said that if they get export permits for these logs, it will have been the higher authorities, not the department, that again arranged the facility for them. We will see how smart the two prime ministers are in smoothing things out. As for the prince krompreah [First Prime Minister Ranariddh], we will know that his statement about protecting forests was just hollow talk.

Cambodia: Paper Says Rangsi's KNP in 'Serious Distress'

BK0202143096 Phnom Penh CHAKKRAVAL in Cambodian 26 Jan 96 pp 1, 4

["Today's Comment" column by Socheata: "The Khmer Nation Party is in Serious Distress"]

[FBIS Translated Text] The Khmer Nation Party [KNP], which was born prematurely a few weeks ago, appears to be smart if looked at from the side or from a distance. It appears seriously depressing, however, if it is looked at directly from the front. The KNP chairman and his vice chairmen have all been discarded. Why do we dare to claim that they have been discarded? It is because something is discarded once the quality declines or disappears altogether.

Sam Rangsi, Nguon Soeu, Kong Korm, and Khieu Dara have all been discarded, because they are no longer needed and have been thrown in the trash bin by FUNCINPEC [National United Front for an Independent, Neutral, Peaceful, and Cooperative Cambodia] and the Cambodian People's Party. They were not even able to set the KNP's founding day properly. There are 365 days in a year, so everything could have been completely settled if they had found a day that did not coincide with 9 November.

It is the same for the KNP's logo. There are a great number of logos, such as the head of a cow, a cat, a rooster, a duck, a dog, etc. Why did they not use one of these? Why do they need to use a bust of King Jayavarman VII and create a problem?

While it has not yet been legally recognized, the KNP is now facing an internal rift. Several party vice chairmen have already quit. At present, the KNP is in serious distress. Historically, no political party in Cambodia has been in such a serious situation. Nevertheless, Sam Rangsi is still talking big. Even though they have already acted shoddily, his underlings have gone so far as to claim that Samdech Hun Sen does not know how to conduct politics. In fact, it is Sam Rangsi who does know how to practice politics. If he knows as much as he claims, his KNP would not be in such serious distress.

Cambodia: Ranariddh Said Not To Plan Involvement in 1998 Elections

BK0202142896 Phnom Penh CHAKKRAVAL in Cambodian 26 Jan 96 pp 1, 4

[Report by Phkay Proek]

[FBIS Translated Text] A report from the prince krompreah's [Prince Norodom Ranariddh] cabinet said that the prince will be ordained a Buddhist monk at the Wat Than monastery in Phnom Penh in the next two weeks.

Although Li Thuch [chief of Ranariddh's cabinet] told reporters emphatically that the prince's entering the monk hood was only being done to show respect for Cambodian traditions and customs, Cambodian royal family watchers indicated that King Norodom Sihanouk had also been ordained a Buddhist monk three months prior to his ascension to the throne. Therefore, the prince krompreah, with his ordination, is said to be planning to ascend to the throne after his father's death. Moreover, the prince has said constantly that he intends to quit politics, because he has frequently been subject to insults in his role as prime minister.

Viewing his statement and his intention to enter a Buddhist monastery, the prince krompreah would seem to have no plan to enter the elections in 1998, because there will only be one prime minister in the next government. By all accounts, he will certainly ascend to the throne through an election by the Throne Council.

Indonesia

Indonesia: Nine East Timorese Seek Asylum in Australian Embassy

BK0802073296 Hong Kong AFP in English 0721 GMT 8 Feb 96

[FBIS Transcribed Text] Jakarta, Feb 8 (AFP) — Indonesia faced growing pressure over East Timor on Thursday with a new embassy break-in by asylum seekers and a mounting diplomatic dispute with Canada.

Nine East Timorese who broke into the Australian embassy on Wednesday night were the latest in a wave of asylum seekers protesting against Jakarta's rule of the troubled enclave.

"There are nine East Timorese in our embassy now, and we are currently engaged in preliminary discussion with them," the Australian embassy's first secretary for political affairs, Allaster Cox, told AFP.

Over the past six months, 66 East Timorese have left for Portugal after applying for political asylum at eight foreign missions in Jakarta.

Indonesia invaded the former Portuguese colony of East Timor in 1975 and annexed it a year later, but the United Nations still regards Lisbon as the enclave's administrative authority.

The asylum issue is also involving other countries, with Canada and Indonesia now wrangling over the visit last month by a senior Indonesian diplomat to the mother of an East Timorese activist living in Canada.

Ottowa issued a verbal note to Jakarta alleging that Indonesia's ambassador to Canada, Benyamin Parwoto, had intimidated Teresa Galhos, the mother of the student turned activist, during his visit.

On Wednesday Jakarta summoned Canadian ambassador Lawrence Dickenson to complain about his government's response to the visit, which Jakarta says was non-threatening.

"We have summoned the ambassador yesterday" and handed him a diplomatic memorandum, Foreign Affairs Spokesman Ghaffar Fadyl said Thursday.

Galhos, a vocal critic of Indonesian activities in East Timor, said she believed the visit by 10 men to her mother was an attempt to stop criticism of the Jakarta government.

Indonesia also faces growing pressure at home over East Timor.

On Monday computer hackers left "free East Timor" messages, on one of Jakarta's most strategic computer networks, IptekNet, forcing the government to close a section of the network and review access procedures.

Iptek links some 30 government institutions and provides information on science and technology.

East Timor began 1996 as it ended 1995, with violent demonstrations and fatal shootouts between the military and armed rebels.

In January, an army unit was ambushed in the Viqueque region by rebels, who killed at least six soldiers and wounded five others, diplomatic sources said.

Later, East Timor military commander Colonel Mahidin Simbolon said troops shot dead six pro-independence fighters and detained two others.

The pro-independence movement Fretilin has been fighting Jakarta since 1975, but is now believed to have only a few hundred members left, mostly hiding in the jungles of East Timor.

Last weekend, an anti-Indonesia demonstration staged by dozens of youths during the inauguration of a Roman Catholic seminary in Dili was broken up by authorities who beat the youths, leaving several injured, Dili sources said.

Human rights groups have also criticised military action against people accused of anti-integration activities in East Timor.

London-based Amnesty International last month called for an end to "the practice of arbitrary detention of alleged political activists" in the enclave, and accused the Indonesian authorities of torturing and ill-treatment many detainees.

Indonesia: Military Operation 'Still Possible' To Free Hostages

BK0802044496 Jakarta REPUBLIKA in Indonesian 8 Feb 96 p 16

[Unattributed report]

[FBIS Translated Excerpt] Jakarta—ABRI [Armed Forces of the Republic of Indonesia] Commander General Feisal Tanjung says it is still possible to launch a military operation to free the 13 hostages held by OPM [Free Papua Movement] members in Irian Jaya; however, ABRI will continue its persuasive approach to resolve the hostage crisis.

Pressed by reporters at the Bina Graha presidential office yesterday (7 February) regarding any possible military operation, the ABRI commander told them: "We will do it later, and there is no need for you to know when."

As for the location of the OPM abductors and their hostages, Gen. Tanjung confirmed that they had moved out of Mapnduma. It is impossible, however, for them to flee to Papua New Guinea because it is too far away. [passage omitted covered by referent item]

Indonesia: Bad Weather Hampers Rescue of Irian Jaya Hostages

BK0802114896 Hong Kong AFP in English 1122 GMT 8 Feb 96

[FBIS Transcribed Text] JAKARTA, Feb 8 (AFP) — Bad weather stalled further efforts to secure the release of 12 hostages who Thursday had been held for one month by rebels in Indonesia's easternmost province of Irian Jaya, officials said.

"We tried to fly out this morning but had to return, the sky is extremely overcast," said Henri Fournier, head of a Red Cross delegation trying to establish contact with the captors.

Speaking in Wamena, the main town of Jayawijaya district in Irian Jaya, Fournier said that part of the five-man delegation would attempt to fly out again Friday.

"We will try to fly to visit some six or seven villages within a radius of 20 kilometres (12.98 miles) from Mapnduma," Fournier said, referring to the village where rebels took 26 hostages, including seven Europeans, on January 8.

The rebels have since released 14 people, including a German national, and were still holding six Europeans and six Indonesians.

Missionaries who have met the captors have said that the rebels were led by Kelly Kwalik and belonged to the Free Papua Movement (OPM), which has been fighting for an independent state since the former Dutch colony of Western New Guinea was incorporated into Indonesia in 1964.

Fournier, who is chief representative to Jakarta of the International Committee of the Red Cross (ICRC), said the visit to the villages was aimed at reestablishing contact with the captors by leaving messages there.

Two other ICRC delegates would Friday try to visit Jila, a village in the neighbouring district of Fak-Fak where the rebel group is believed to originate, he added.

Missionaries and other sources have told the Red Cross that Kelly Kwalik, wanted to meet with the International Red Cross.

Radio contact between the captors and the military has been lost since January 25, after the rebel group left radio equipment behind when it moved to another location, the military has said.

Meanwhile, two [word indistinct] of the National Commission on Human Rights, will leave for Irian Jaya to help the operation, according to a commission official, who identified herself as Roi.

The two members were Albert Hasibuan, a lawyer and Asmara Nababan, the head of the Indonesian NGO forum on Indonesian Development, Roi said.

Military Chief General Feisal Tanjung said on Wednesday that the military was trying to resume contact with the rebel group and would continue to work along "persuasive" and "humanitarian" lines in trying to settle the hostage case.

A radio interview with Fournier was also broadcast Wednesday by the Australian Broadcasting Company (ABC) to make known ICRC's intention to contact Kwalik.

The hostages were part of scientific expedition organised by the Worldwide Fund for Nature.

The Europeans being held are Britons Daniel Start, 21, William Oates, 22, Annette van der Kolk, 21 and Anna McIvor, 20, along with Worlwide Fund for Nature official Mark Van Der Wal and UNESCO environment official Martha Klein, both of the Netherlands.

Indonesia: East Timor CNRM Calls For Release of Irian Jaya Hostages

BK0802080096 (Internet) SEASIA Listserv in English 7 Feb 96

["Press Release" issued by East Timor National Council of Maubere Resistance in Lisbon on 5 February]

[FBIS Transcribed Text] Jose Ramos-Horta, special representative of the National Council of Maubere Resistance, (CNRM) of East Timor, issued today, from Lisbon, a statement in which he appealed to the OPM [Free Papua Movement] leaders in West Papua [Irian Jaya] holding several Western and Indonesian hostages to release them without further delay.

"I appeal to the OPM leaders to release the Western hostages and all others without further delay. My appeal is prompted by two moral imperatives: one, the hostages are innocent civilians. One of the hostages is a three-month pregnant woman. The longer she is held under duress and in harsh conditions, the more the risks are for her and her child. The civilian hostages cannot and must not be held by those struggling for freedom and dignity of the West Papuans as pawns in their struggle. Two, the struggle of the West Papuan people for freedom and dignity is no less valid than the struggle of the Palestinian people or the struggle of the Amazon Indians for their rights as a people, for their land and values.

However, in the pursuit of its goals, the OPM cannot use the same methods that have been used by its adversaries, the Indonesian army. It must set an example of integrity and dignity, of compliance with certain fundamental norms such as respect for the well-being of civilians and noncombatants. Therefore I am appealing to the OPM leaders to release their hostages immediately."

Mr Jose Ramos-Horta, who is a member of the Peace Action Council of the Hague-based UN-represented Nations and Peoples Organisation (UNPO), and has just been awarded the first UNPO Award, offered to travel to Papua New Guinea or West Papua to secure the release of the hostages. He offered his good offices to the Dutch and British governments several weeks ago but regrettably there has been no response from any of the parties in this hostage crisis. He reiterates his availability to the governments concerned, including Indonesia, and the OPM, and is prepared to travel immediately to Papua New Guinea or Jayapura in West Papua, to arrange for the safe departure of all hostages.

Speaking from Lisbon, Mr Ramos-Horta made a direct appeal to the Indonesian government to continue to show restraint in using military force and to cooperate in facilitating his personal intervention which he believes can secure the safe release of the hostages: "I can understand the feelings of the West Papuans better than most people and I believe I can secure the release of the hostages and spare the West Papuans a massive Indonesian military retaliation that will inevitably cause the death of many innocent people."

Indonesia: Military Confirms Purchase of French Mistral Missiles

BK0702135996 Jakarta ANTARA in Indonesian 1154 GMT 7 Feb 96

[FBIS Translated Text] Jakarta, 7 Feb (ANTARA) — The ABRI [Armed Forces of the Republic of Indonesia] headquarters has confirmed reports that it has signed a contract to buy a number of missiles from France. However, it declined to disclose the exact number. "The missiles from France are meant to replace existing ones and are not aimed at increasing our missile arsenal," Brigadier General Suwarno Adiwijoyo, chief of the ABRI Information Service said in Jakarta Wednesday.

Suwarno said the new missiles will replace outdated versions and will be used to safeguard Indonesia's airspace. ABRI now only has four missile units to safeguard the country's airspace, namely in Arun (Aceh province), in Dumai (Riau province), in Bontang (East Kalimantan), and in (name indistinct) (West Java Province). The French daily LE MONDE has said that Mistral air defense missiles will be sold to Indonesia. This missile had been earlier sold to Singapore and South Korea.

The ABRI headquarters has also declined to disclose the value of the purchase.

Indonesia: Alatas Confirms Suharto Not To Visit Taiwan

BK0702120396 Jakarta ANTARA in Indonesian 1026 GMT 7 Feb 96

[FBIS Translated Text] Jakarta, 7 Feb, (ANTARA) — Foreign Minister Ali Alatas has made it clear that President Suharto will not visit Taiwan in any capacity.

"It will be impossible for the head of state to visit Taiwan in the near future," the foreign minister said before a limited cabinet meeting on economy, finance, development supervision, industry, and trade at the Bina Graha Presidential Office, Jakarta on Wednesday.

Alatas added that he was unaware of a news report on the planned visit. The news report was, however, clearly unfounded.

Journalists recalled Taiwan President Li Teng-hui's private visit to Bali some time ago. The planned visit was earlier denied by Taiwan authorities.

"I would like to say once again that the president will not visit Taiwan," Alatas said.

He expressed his astonishment over how the news report circulated.

The foreign minister earlier denied that the head of state planned to visit Taiwan.

Replying to questions, Alatas said various issues had nothing to do with the government's one-China policy. "That matter [the planned visit] is really out of context," the foreign minister said.

Philippines

Philippines: Immigration Confirms Tamil Rebels Operation in Manila

BK0702135096 Manila PHILIPPINE DAILY INQUIRER in English 3 Feb 96 p 11

[Report by B. Timonera]

[FBIS Transcribed Text] The Bureau of Immigration [BI] yesterday confirmed reports that Tamil rebels are using the Philippines as a fund-raising center for their campaign against the Sri Lankan Government.

An immigration source, who asked not to be identified, said they are not on the lookout for these rebels belonging to the Liberation Tigers of Tamil Eelam.

The rebels' activities reportedly include human smuggling, faking foreign visas and passports, and dollar counterfeiting, said the source, quoting a report from the intelligence service of the Armed Forces.

He said that there is "strong indication" that the Tamils are among the Sri Lankans here who are considered as "useful aliens," or those who seem to be law-abiding. This reportedly makes it difficult for BI agents to arrest the suspects.

There are more than a thousand Sri Lankans in the Philippines, most of them students and tourists.

Immigration and military intelligence agents arrested suspected Tamils in Paranaque and Las Pinas in May last year. All of them have been deported.

Recovered from the suspects were gadgets for faking travel documents.

Philippines: Official: Manila Wants EEZ Under ASEAN Nuclear Ban

BK0802041096 Quezon City MALAYA in English 5 Feb 96 p 2

[Report by Jean Magdaraog]

[FBIS Transcribed Text] Manila is not keen on the proposal of US and other nuclear powers to exempt the exclusive economic zones [EEZ] and continental shelves from the ban on nuclear weapons under the Southeast Asian Nuclear Weapons Free Zone Treaty [SEANWFZT].

Foreign Affairs Assistant Secretary Lauro Baja Jr. said proposed modifications in the treaty cannot be applied to ASEAN because configurations of the region are different from others.

Baja added that although the ASEAN treaty share similarities with the South Pacific Forum's Nuclear Free Zone Treaty or Treaty of Rarotonga, the Southeast Asian region is still "very much different" from South Pacific.

Baja stressed that ASEAN officials have been firm on the inclusion of the EZZ and continental shelves in the coverage of the nuclear weapons ban.

Assistant Secretary Winston Lord of the US State Department earlier said the SEANWFZT's coverage is not the same as with other region's treaties the US has supported.

ASEAN members have signed the nuclear weapons free zone treaty last December. Washington and other nuclear powers are set to sign protocols with the SEANWFZT.

Philippines: Diplomatic Relations With Bosnia-Herzegovina Established

BK0702120496 Manila PHILIPPINE DAILY INQUIRER in English 3 Feb 96 p 10

[Unattributed report]

[FBIS Transcribed Text] President Ramos yesterday approved the recommendation of Foreign Secretary Domingo Siazon for the establishment of diplomatic relations between the Philippines and Bosnia-Herzegovina.

At the same time, the president approved the accreditation to Bosnia, on a nonresident basis, of Philippine Ambassador to Austria Jose A. Zaide, Jr.

The Philippines was one of the first countries to recognize Bosnia as a state on April 27, 1992, after emerging as one of the independent states from the breakup of the former Socialist Federal Republic of Yugoslavia.

Siazon said establishing diplomatic relations with Bosnia "is now propitious" with the signing of the Dayton Accord in Paris on Dec. 14, 1995 and its implementation by more than 25 nations, including Russia and the United States.

"This would be consistent with Philippine support for the Government of Bosnia throughout the four-year fratricidal war in former Yugoslavia," he said.

So far, 64 countries have established diplomatic relations with Bosnia, including Malaysia, Indonesia, and Brunei of the Association of Southeast Asian Nations.

Philippines: Muslim Rebels Burn 72 Houses in North Cotabato

BK0702055496 Quezon City GMA-7 Radio-Television Arts Network in Tagalog 2230 GMT 6 Feb 96

[FBIS Translated Text] Members of the Moro Islamic Liberation Front [MILF] burned and looted 72 houses in Central Mindanao. The military reported that the rebels struck first in the village of Guiling, Banisilan in North Cotabato last Saturday [3 February], burning 42 houses and a Catholic chapel. The rebels also took the residents' livestock.

According to Army spokesman Noel Detoyato, the rebels also attacked Tabunan in the Alamada municipality, where they burned 30 houses. One male resident was slain during the second attack. Detoyato added that the rebels threatened to kill the residents if they refused to leave. Approximately 400 Tabunan residents have already evacuated in fear of another attack. It has been alleged that the rebels want the residents to leave their homes so they can take the crops that will be ready for harvest soon. Meanwhile, the military has increased its forces in the area to protect the villagers.

Philippines: Armed Forces Deployed in North Cotabato To Track MILF

BK0802012896 Quezon City GMA-7 Radio-Television Arts Network in Tagalog 2230 GMT 7 Feb 96

[FBIS Translated Text] The Armed Forces deployed additional forces in Almada, North Cotabato, to pursue the suspects in the burning of 72 houses in the area. The MILF [Moro Islamic Liberation Front] rebels were tagged as the suspects in the burning incident. AFP [Armed Forces of the Philippines] Chief Arturo Enrile ordered two army battalions to guard the area tightly after the burning incident. According to Enrile, they will send another Army battalion to Guiling Village to protect the place from 200 MILF members.

Philippines: Police, Military Increase Security Training for APEC

BK0802035996 Manila MANILA STANDARD in English 5 Feb 96 p 4

[Report by Romie A. Evangelista]

[FBIS Transcribed Text] The PNP [Philippine National Police] Maritime Command [Maricom] has formed and trained an elite force to provide seaborne security for the delegates to the Asia-Pacific Economic Conference (APEC) summit this November at Subic in Zambales, Cebu City and Manila.

The Maricom's elite force, trained to launch counter-operations against any seaborne acts of terrorism, is part of a 30,000-man police and military contingent which will secure the APEC summit.

Chief Superintendent Alejandro De Guzman, PNP Maricom director, said at least 50 operatives have undergone training for marksmanship and close-quarter battle (CQB).

"Right now, they are undergoing tactical scuba training and explosive and ordinance specialization courses," De Guzman said.

He added that his men will also undergo the third set of trainings which include police intervention and anti-hijacking tactics by the end of this month.

De Guzman has designated Chief Inspector Harold Ubalde, chief of the Maricom Intelligence branch, to insure all the trainees pass the training with flying colors.

Expert trainors

French, Australian and Israeli (Mossad) anti-terrorism experts are currently training the 30,000-man APEC security force. Two other countries, Russia and Egypt, have also signified their intention to assist the country in the training program.

French experts have already trained some 1,500 PNP Aviation Security Command [ASCOM] and Ninoy Aquino International Airport Personnel for the Aviation Security and Safety Course.

Australian experts, on the other hand, have trained ASCOM, PNP Criminal Investigation Command, and Special Action Force men on counter-hijacking and anti-terrorist operations.

The Subic Bay Management Authority (SBMA) has also lined-up similar other courses for the APEC, summit in coordination with the PNP Regional Command 3.

The courses include SWAT [special weapons and tactics] training, special reaction and crisis management (to be conducted by the Ashbury International Group this month); Airport Security and Safety to be conducted by the Federal Aviation Agency in March, and Airport Security CTW [expansion unknown] VIP [very important person] Protection, mountaineering, and disaster rescue to be conducted by ASCOM in April.

Philippines: Senior APEC Officials To Decide on New Members This Week

BK0802043896 Manila BUSINESS WORLD in English 8 Feb 96

[Report by Paul N. Villegas and Ma. [Maria] Clarissa S. Batino — received via Internet]

[FBIS Transcribed Text] Senior officials of the Asia-Pacific Economic Cooperation (APEC) forum will determine this week if the nascent economic grouping will accept new members this year or extend its moratorium on membership.

Ambassador Antonio Basilio, deputy chairperson of the senior officials meeting (SOM), said APEC's 18 members will discuss the fate of countries who are seeking membership in the regional organization.

"It (membership issue) will be discussed this week... It is possible that the discussion may come to whether it's time to lift the moratorium or continue it," Mr. Basilio told a press conference yesterday.

The first SOM under the chairmanship of the Philippine Government kicked off yesterday with more than 500 delegates from the grouping's 18-member economies, including its secretariat in Singapore, participating.

Some countries, notably Russia and India, have expressed desire to join APEC, although it has yet to be determined if the group will lift its moratorium on membership this year.

Some APEC-member economies want the organization to be strengthened and deepened first before opening its doors to others. A high-ranking foreign affairs official said a number of APEC members are inclined to extend the moratorium for another three years in order to make the grouping's organizational structure become more effective.

Philippines: Senior APEC Officials Begin First Meeting

BK0802050096 Manila MANILA BULLETIN in English 8 Feb 96

[Report by Milet O. Santos — received via Internet]

[FBIS Transcribed Text] Senior officials of the Asia-Pacific Economic Cooperation (APEC) yesterday began their first meeting for this year with the primary task of establishing the essential elements, processes, and procedures to put in place the collective and individual action plans the group called for in the agenda it forged last year in Osaka, Japan.

More than 500 delegates from 18 APEC member-economies attended the opening of the three-day meeting, the first of four scheduled for this year, at the Hyatt Regency Hotel in Pasay City.

Foreign Affairs Undersecretary Federico Macaranas, chairman of the meeting, reiterated the overall theme of deepening and broadening the spirit of the APEC community.

"We shall continue to move forward in unison, but this time, guided by a bigger challenge of putting into action our vision and goal as a community in Asia-Pacific," he said in his opening remarks.

Macaranas said the main concerns of President Ramos prior to the meeting such as the immediate action required of each member-economy to refine, finalize, and implement plans for the Osaka Action Agenda (OAA) and the appointment of the members of the APEC Business Advisory Council (ABAC).

The chairman urged the senior officials to submit their individual action plans to fast-track the implementation of the OAA in time for a crucial mid-year review.

The meeting called "SOM [Senior Officials Meeting] 1" will take up collective actions on trade and investment liberalization and facilitation (TILF), individual action plans on TILF, economic and technical cooperation, and implementation of programs to support TILF which would result in trade and investment expansion among APEC economies.

SOM 1 will also discuss small and medium enterprises, human resource development, and sustainable development.

The SOM report to the 1996 APEC Ministerial Meeting will be the basis of the Manila Action Plan for APEC 1996 which in turn will be the main component of the APEC summit in November.

Philippines: Air Force To Develop Aircraft-Manufacturing Industry

BK0702135596 Manila MANILA STANDARD in English 3 Feb 96 p 5

[Report by Louie Logarta]

[FBIS Transcribed Text] The Philippine Air Force [PAF] is setting aside P [pesos] 20 million to fund its aircraft self-reliance program, with the ambitious objective of developing a local industry which would churn out airplanes to defend the country's air space.

Lt. Gen. Arnulfo Acedera, PAF chief, told newsmen that he had ordered the activation of the office of the assistant chief of air staff for material development to oversee the program as this could prove vital to the future of the country's security requirements.

Acedera said that the objective is to develop a vibrant aircraft- manufacturing industry like that of neighboring Indonesia which now makes its own planes.

Acedera said that once the PAF can be self-reliant, it can then fully carry out its job of securing the nation's territorial integrity.

Past commanders of the PAF like Lt. Gen. Loven Abadia and Lt. Gen. Nicasio Rodriguez had publicly acknowledged the utter helplessness of the Philippines against attacks from outsiders. "The country has zero defense capability," Abadia admitted during a press conference. "The command is all air and no force," he added.

Acedera also announced that the PAF will now procure several Super Pinto aircraft from the United States to train airmen in the PAF Flying School, in a bid to get rid of the star-crossed S-211 jets which had a dismal track record in reliability.

Over the past five years, there have been six crashes involving S-211 trainer jets, resulting in five fatalities.

Despite this, the PAF command has insisted on using the "widow- maker" (as Sen. Orlando Mercado, Senate defense committee chairman, called it) due to the existence of an alleged commitment to its Italian manufacturer.

Acedera said the Super Pinto project is going to be pushed as the aircraft costs only $1 million, as compared to the $4 million for the S-211.

Philippines: Officials Laud Economic Growth in 1995

BK0702132496 Manila PHILIPPINE DAILY INQUIRER in English 3 Feb 96 p B1

[Report by Margie Quimpo-Espino]

[FBIS Transcribed Text] Despite the lower-than-programmed economic growth of the country, monetary and finance officials expressed satisfaction over the Philippines' 5.7 percent gross national product registered last year.

"What is important is that we have improved," said Bangko Sentral ng Pilipinas [Central Bank of the Philippines] Governor Gabriel C. Singson.

He said the growth, although lower than the 6 to 6.5 percent target, may still be considered a milestone in a year that saw many problems affecting the country.

Last year opened with the Mexican crisis which saw foreign fund managers fleeing emerging markets like the Philippines. This resulted in a depreciation of most Asian currencies.

Also, there were several typhoons which hit the country, the worst of which was Rosing, which devastated farm lands and other properties nationwide. A severe rice shortage also caused double- digit inflation.

Finance Secretary Roberto F. De Ocampo considered the 5.7 percent growth a "worthy achievement" as he mentioned the difficulties the country had to overcome last year.

"It is wonderful. It is higher than the growth in 1994, which was easier than 1995. For the economy to have grown at a higher rate in 1995 than 1994, I think it is a worthy achievement," De Ocampo said.

"Based on realities, it is a good performance combined with strong indicators," he said.

International Monetary Fund resident representative David Nellor also lauded the growth, citing the improvement in the economy last year was based on the performance of industries.

The manufacturing sector showed an over 20 percent growth last year. "The numbers are good," Nellor said, adding that "there is a continuation of the positive momentum toward a higher and stronger (economic) growth." The IMF head said the problems in the agricultural sector slowed down the growth which could have posted higher levels.

However he said "the fundamental picture is still one of positive momentum."

The stock market also paid tribute to the Philippines' 1995 economic performance.

Even though the 5.7 percent Gross National Product (GNP) growth announced on Thursday was lower than the six percent target, analysts said the government had coped well with a tough year.

"It is a pretty solid one," Ponciano Intal, president of the government run think-tank Philippine Institute of Development Studies, said.

The stock market reacted favorably with the composite index opening 0.77 percent up at 2,923.18 points.

"Government's announcement of a 5.7 percent growth in the economy last year despite a rice crisis bolstered excitement in local equities," said Noel Reyes of Dharmala Securities.

Alex Pomento of ING Barings said agriculture dampened the growth rate in 1995, with the sector posting minimal growth of 0.9 percent.

Intal said the 5.7 percent growth against 5.3 percent in 1994 showed a steady rise. "Sharp growth could be very dangerous, especially if the macroeconomic situation is not very solid yet."

He added the low domestic savings rate, rising inflation, and widening current account deficits should be dealt with before attempts at higher growth.

Thailand

Thailand: Air Force Ready To Switch to Mirage if F-18 Deal Fails

BK0802053796 Bangkok THAILAND TIMES in English 8 Feb 96 p A1

[Report by C. Benchamat and S. Samakratthakit]

[FBIS Transcribed Text] Bangkok: The Royal Thai Air Force (RTAF) is considering to buy French-made Mirage 2000-5 jet fighters if the United States refuses to sell F/A-18s equipped with AIM-120 Advanced Medium Range Air-to-Air Missiles (AMRAAM), a high-level military official said yesterday.

"We will consider the French Mirage 2000-5s if we don't get the AMRAAM missiles," he said.

The RTAF applied to buy F18s and the AMRAAM missiles from the US, but the Pentagon revealed last month it informed the Congress it would sell F18s equipped only with Harpoon air-to-surface missiles instead. The issue is expected to be debated at Congress next month.

The official said Malaysian and Singaporean forces already have Mirage 2000-5s.

"So we need to have powerful weapons of a comparable level too," he said.

Defense Secretary of the French embassy in Bangkok, Richard Tissot, told THAILAND TIMES that the Mirage could be an alternative if the RTAF could not get F18s with AMRAAM missiles.

He said Air Force chief ACM [Air Chief Marshal] Siriphong Thongyai had told him Thailand would consider Mirage jets, but only if the F18s were not equipped with the AMRAAM.

"The Mirage is good and, hopefully, the RTAF will buy it," said Tissot.

He said the price of a Mirage is higher than the F18. The US jet costs US $35 million each, while the Mirage 2000-5 is about US $45 million, said Tissot.

The diplomat said France had already sold her Mirages to Taiwan and Pakistan.

The Mirages are made by Dassault Aviation Co. F18s are made by McDonnell Douglas Aerospace Co. Dassault plans to bring a Rafale BO1, its latest fighter, to show in Bangkok next Monday.

The French Air Force and Navy will replace their fighter squadrons with the Rafale within the next two years.

Siriphong yesterday said the US Air Force Chief-of-Staff, Ronald R. Fogleman, would help push for the RTAF to receive the weapons it wants.

Fogleman, who met Siriphong yesterday on an official visit, reportedly said the RTAF would receive a draft Letter of Agreement (LOA) by the end of this month, and the whole process would be finished by April.

Siriphong said he did not discuss the purchase of the AMRAAM missiles with Fogleman.

But the RTAF had insisted on its need for the F18s, said Siriphong.

Thailand: Foreign Activists Face Arrest at ASEM Forum

BK0802053696 Bangkok THAILAND TIMES in English 8 Feb 96 p A1

[Report by Seri Klinchan]

[FBIS Transcribed Text] Bangkok: State security agencies have been ordered to arrest any foreign activists who participate in demonstrations during the Asia-Europe Meeting (ASEM) being held early next month, a police source said yesterday.

"Every related agency has been ordered by the Interior Ministry to immediately arrest foreign activists who participate in protests," said the source, who asked not to be identified.

The government has reportedly imposed an entry visa ban on several foreign activists, fearing they will create disturbances during the conference, which will be attended by 25 European and Asian leaders.

The source said the order to arrest foreign activists, participating in protests, was issued after it was announced that representatives of non-governmental organizations (NGOs) from 30 Asian and European countries were planning to attend the Asia-Europe NGO conference in Bangkok scheduled for Feb 27-29.

Topics of the conference include human rights and environmental issues.

Resolutions passed at the NGO conference will be submitted to ASEM representatives on the last day of their meeting.

Representatives of the NGO conference's working committee said there will definitely be protests during the ASEM. However, they stressed that the NGO conference participants themselves will not be involved, adding that the meeting's stated purpose is to serve as a forum for academic discussion.

Authorities are afraid that past disturbances could be repeated like when hundreds of activists and representatives from several local and overseas NGO's staged a rally in front of the Association of Southeast Asian Nations (ASEAN) venues, the Royal Orchid Sheraton, and the Oriental Hotel, December last year.

About 30 groups with varied agendas lashed out at ASEAN leaders for failing to address social and economic problems arising from rapid growth. Burmese students rallied outside Royal Orchid Sheraton calling for ASEAN to promote democracy in their country and condemned the ruling Junta.

On Tuesday, nine Burmese student activists of the Overseas National Student Organization of Burma (ONSOB), which joined the rally at the ASEAN meeting, were arrested after they gathered at Ramkhamhaeng University.

The nine student representatives were identified as Htin Kyaw Htay, Maung Win, Jimmy, Kyaw Thi, Moe Lay, Myat Soe, Myat Aung, and Aung Mei Oo.

The Northeastern Small-scale Farmers Assembly, the Forum of the Poor, and many other groups plan to hold a meeting at the Development for Society Foundation on Feb 22.

Sulak Siwalak, a well-known social critic participating in the NGO conference, said Chinese Embassy staff called him after receiving a report from THE THAILAND TIMES about issues to be discussed in the NGO conference relating to China's human rights violations.

China annexed Tibet over three decades ago, claiming it a Chinese province. Tibetan spiritual leader Dalai Lama, who led the movement opposing the Chinese invasion, sought asylum in India. Several Chinese pro-democracy activists were arrested after a series of protests.

Thailand: Cambodia's Sar Kheng To Visit 19 Feb

BK0802040896 Bangkok THE NATION in English 8 Feb 96 p A2

[Unattributed report]

[FBIS Transcribed Text] Cambodia's Interior Minister, Sar Kheng, will pay an official visit to Thailand on Jan 19 at the invitation of Defence Minister Gen Chawalit Yongchaiyut.

The four-day visit will be the first time Sar Kheng, a member of the ruling party of the Cambodian People's Party, has visited Bangkok since the Cambodian government came to power in 1993.

A well-informed source said yesterday Sar Kheng and Gen Chawalit, also deputy premier, are expected to discuss security issues along the border.

Thailand has suffered a series of incidents, including cross- border shelling, artillery duels and an influx of refugees since the Cambodian government began efforts to eliminate the Khmer Rouge guerrilla movement.

The guerrillas, whose strongholds are located near the border, rejected a peace pact it signed together with three other warring factions in 1991.

The same source said Gen Chawalit extended the invitation to Sar Kheng when he attended the signing ceremony of the Thai-Cambodia General Border Committee in Phnom Penh last year.

Meanwhile, Supreme Commander Gen Wirot Saengsanit will make a one-day trip to Phnom Penh next Thursday at the invitation of his Cambodian counterparts, Gen Tie Banh and Gen Tea Chamrat.

Wirot will also visit Siem Reap Province, which is home to the historic Angkor Wat and Angkor Thom.

He will return to Bangkok on the same day.

Thailand: Foreign Minister: Banhan 'Likely' To Visit Burma in Mar

BK0802045796 Bangkok THE NATION in English 8 Feb 96 p A3

[Report by Don Pathan]

[FBIS Transcribed Text] Prime Minister Banhan Sinlapa-acha is likely to pay an official visit to Burma in March, Foreign Minister Kasemsamoson Kasemsi said yesterday.

"This trip should return relations between the two countries to the point we consider normal," Kasemsamoson said, adding Banhan would like to visit China and Indochina as well.

He said the government is quite satisfied with the level of progress on solving problems which currently exist between the two countries and added these issues would be addressed in a friendly manner with Rangoon.

The Moei River dispute is the most important issue confronting the two countries at the moment, according to Kasemsamoson.

"The issues surrounding the Karen and the Karen Buddhists can be addressed as well," he said. "Another possible topic could be border demarcations that have yet to be agreed upon."

Kasemsamoson dismissed allegations the military and Foreign Ministry were not cooperating along the Thai-Burma border, thereby prolonging the border problems.

He said disturbances along the border were a national security issue, thus a Thai military build-up there was understandable for that reason.

"But if it creates uneasiness between the two sides, then I don't support it," he admitted.

Referring to the Asia-Europe Summit (ASEM) being held March 1-2 in Bangkok, Kasemsamoson said he looked forward to a spirit of positive communication and cooperation.

"In the treaty (Treaty of Amity and Cooperation) that we (ASEAN) put together in Bali, we stressed the importance of cooperation, though we did mention 'confrontation' as well," Kasemsamoson said.

"Some people never took the time to notice that this treaty, which was written more than 20 years ago, stresses this point," he added.

The signing of a border trade agreement between Thailand and Burma is imminent and should lead to the early re-opening of crossings closed last year due to tensions along the frontier.

"I think we have prepared everything. It is possible it may be signed tomorrow," Burma's Ambassador to Thailand U Tin Winn said after meeting Deputy Commerce Minister Montri Danphaibun yesterday.

Burmese authorities have complained about illegal border trading and demanded strict regulatory measures be put in place before the checkpoints can reopen. The government approved the draft agreement in December.

U Tin Winn said that there were no major differences over the draft, only two minor details.

Burma wanted only one commercial bank to represent Thai interests involved in cross-border business transactions, but Thailand wanted six banks, he said.

Further, Bangkok wanted the maximum value of each transaction to be about US$20,000 (Bt500,000), but Burma had proposed a limit of $2,500-$5,000.

Thailand: No Ministerial Meeting Planned at Asia-Europe Summit

BK0602031396 Bangkok Radio Thailand Network in English 0000 GMT 6 Feb 96

[FBIS Transcribed Text] The foreign ministers of 10 Asian countries have agreed that there would be no meeting of Asian and European foreign ministers in parallel with the upcoming Asia-Europe summit to be attended by their leaders. The agreement was reached at the recent meeting of foreign ministers from seven ASEAN countries, China, Japan, and South Korea held on Phuket Island in southern Thailand.

Foreign Minister Mom Ratchawong [royal title] Kasemsamoson Kasemsi said at the first Asia-Europe meeting during 1 to 2 March in Bangkok, the foreign ministers of participating nations will attend a (?roundup) session when they leaders review the decisions made during the summit. The Thai foreign minister said Asian and European senior officials will meet in Rome, Italy on 8 February in preparation for the historic Asia-Europe meeting.

He said that leaders of Asia and Europe in their first summit will discuss broad issues concerning political, economic, social, cultural, human resources development and environmental management cooperation, including the future of the two continents.

Thailand: Ministry Approves Aviation Deal With Burma

BK0402130596 Bangkok THE SUNDAY POST in English 4 Feb 96 p 3

[Unattributed report]

[FBIS Transcribed Text] More passengers are to be allowed to travel between Bangkok and Rangoon, both on scheduled and charter flights.

A Thai-Burmese deal struck in Bangkok on July 13-14 last year has been approved by the Transport Ministry and goes to the Cabinet on Tuesday.

Thai Airways [THAI] and Myanma [Burma] Airways will be allowed to fly 2,500 passengers a week on the route, up by 256 seats (22.3 percent) on last year.

The two sides have agreed to allow more charter flights to serve Bangkok, Chiang Mai, Chiang Rai, Phuket and Surat Thani in Thailand and Rangoon, Mandalay, Heho, Tachilek and Kengtung in Burma.

But they will not be allowed to operate between Bangkok and Rangoon.

In 1995 THAI flew over 108,000 passengers between Bangkok and Rangoon. The number of passengers rose 45 percent in 1993 and 43 percent in 1994, and the number of flights to Rangoon has gone up from seven to 10 a week.

The Burmese government has designated 1996 "Visit Burma Year".

Thailand: Military Leaders Dismiss Possibilities of Coup

BK0802045896 Bangkok BANGKOK POST in English 8 Feb 96 p 6

[Unattributed report]

[FBIS Transcribed Text] The supreme commander and the commanders of the three armed forces yesterday dismissed a suggestion by academics that the military may step in to put an end to ongoing political games being played by politicians of both wings.

Political scientist Kasem Sirisamphan said during a panel discussion last weekend that constant bickering among politicians risked creating conditions for military intervention.

He was referring to the Government trying to put the blame on the Opposition for massive illegal logging in

Surat Thani's Tha Chana District and the Opposition's retaliation by trying to expose Deputy Interior Minister Suchat Tancharoen's alleged abuse of authority to help family members obtain ownership papers for land on Samet Island off Chumphon.

Another panellist, Khuansuang Atipho of Chulalongkon University, also voiced the same warning while maintaining he would not want to see this happen because it could mean a return to dictatorship.

Supreme Commander Wirot Saengsanit reaffirmed the military's stand of not interfering in politics.

The military is duty-bound to support a government elected by the people.

"The people need not worry that soldiers will take matters into their own hands. They should not listen to such things," he said, adding that the military did so in the past only because they were urged to by the public.

Defence and national development are major responsibilities of the military, Gen Wirot said.

The Government should take the Tha Chana scandal seriously and should not make it a political issue, he added.

Army Chief Gen Pramon Phalasin, 59, said he would not do anything that would hamper democratic development.

He said any idea of using force to solve problems is incorrect.

"In my whole life I would not do anything which is not right," said the commander who was handpicked late last year by Defence Minister Chawalit Yongchaiyut to replace Gen Wimon Wongwanit as army commander-in-chief.

Royal Thai Air Force Chief ACM [Air Chief Marshal] M.R. [Mom Ratchawong — royal title] Siriphong Thongyai said the academics' suggestion can be ruled out.

"At present, the military has distanced itself from politics," he said.

Royal Thai Navy Chief Adm Prachet Siridet said the academics were only expressing their personal opinion.

He said he believed people these days understand well what the role of the military should be.

Thailand: Army Requests Funds for 50,000 New Assault Rifles

BK0302110196 Bangkok BANGKOK POST in English 3 Feb 96 p 2

[Unattributed report]

[FBIS Transcribed Text] The Army has asked the Defence Council to set aside a budget for the first batch of assault rifles, Chief-of-Staff Suthep Siwara said yesterday.

Gen Suthep did not disclose the amount requested for fiscal 1997 but said it would buy 50,000 new rifles.

The chief-of-staff, who chairs a panel to select a replacement for 200,000 American-made M-16 A1s in service, said tests by the four regions, the Special Warfare Command and the Air Defence Unit would be studied before a decision was made.

Factors to be taken into account were that the rifle must use locally-made 5.56 mm rounds, the deal must include technology transfer in the production of ammunition, and the "real needs" of soldiers.

The main contenders were said to include the M-16 A2, the Israeli Karil and the Australian Steyr.

Gen Suthep expected a decision within a few months and said the old rifles would not find their way to minority groups.

Thailand: Government Receives 'Mediocre Scores' in Nationwide Survey

BK0302110296 Bangkok BUSINESS DAY in English 3 Feb 96 p 1

[Correspondent's report]

[FBIS Transcribed Text] The government's approval rating failed to scale any great heights in the latest Suan Dusit Ratchaphat Institute public survey, with the Banhan Sinlapa-acha Administration racking up mediocre scores across the board.

The nationwide poll, conducted in January, surveyed the opinions of 40,273 individuals from all walks of life on the performance of the government over the last six months.

The public's dissatisfaction was most pronounced on matters relating to the economy and living conditions.

The government received a 59.01 percent dissatisfaction rating on its management of the nations economy, with 40.99 percent of the survey respondents saying they were satisfied with the government's performance in economic affairs.

Slightly over 66 percent said they were not satisfied with the way the government is generally looking after the welfare of the people, while about 63 percent gave the thumbs down on how well the government is "paying attention to, and caring for, the people."

Prime Minister Banhan's work performance was rated by 23.44 percent of the survey respondents as "good", while 46.63 percent described his six-month track record as "unacceptable" and a further 29.93 percent felt that improvements were needed.

Among the ministers, Deputy Prime Minister Thaksin Chinnawat was ranked first with 45.46 percent of respondents describing his performance as "good" and a mere 14.78 percent describing his work as disappointing.

Nam Thai leader and Deputy Prime Minister Amnuai Wirawan followed Mr Thaksin in second place with 29.66 percent of people rating his performance as "good".

The poll was also designed to survey public opinion on "the government's sincerity". The results showed that 19.22 of respondents categorized the government's sincerity as "good", while 41.45 percent described the coalition's sincerity as "acceptable" and another 39.24 percent felt that improvements were needed.

Vietnam

SRV: An Giang Border Defense Force Arrests 'Reactionaries'

BK0802091396 Hanoi Voice of Vietnam Network in Vietnamese 1400 GMT 7 Feb 96

[Report by Le Ngoc Dinh]

[FBIS Translated Text] The situation at the border areas of An Giang Province continued to develop in a complicated fashion in 1995, especially the situation related to regional defense and national sovereignty along the border.

Exiled Vietnamese reactionaries in Cambodia continued to infiltrate into Vietnam from that neighboring country. Some even brought arms and explosives to carry out sabotage activities. These exiled reactionary forces tried to contact and persuade soldiers of the former Saigon puppet regime to join in an attempt to oppose and undermine Vietnam on a long-term basis. As a result, the number of illegal intrusions into An Giang Province was on the increase. Moreover, some political shortcomings in the border defense task were not satisfactorily overcome. The reactionary forces took advantage of religious beliefs to sow division among the people and to openly build their influence in society.

In response to this situation, the Scouting Office of the An Giang Province Border Defense Force actively mapped out plans to deal with these reactionaries and recorded outstanding achievements in 1995. The office received 761 tips — 275 more than 1994 — on the activities of the reactionary forces, thus helping it to take prompt measures to ensure security and national defense. The information the office received on the reactionary forces' activities included their publication of the "FREEDOM" newspaper, their policy on Vietnamese living abroad, and the plans of the Khmer [Vietnamese of Khmer origin] reactionary group in the United States to send their members home for sabotage activities.

Acting on these tips, the Scouting Office uncovered 115 cases involving 318 persons who attempted to carry out activities detrimental to national security. The office detected two illegal rings that organized the illegal entry of foreigners into Vietnam and arrested 13 persons. It also arrested 11 persons who organized the repatriation of Khmer reactionaries from the United States to carry out sabotage activities and detained four persons who sent Vietnamese girls abroad for prostitution. Worthy of note was the Scouting Office's 1995 detection and arrest of five Khmer reactionaries working for the Son Sann party who infiltrated back into the country for sabotage activities.

In its efforts to oppose and prevent social vices, the Scouting Office coordinated with the local police in 1995 to arrest 22 drug traffickers and confiscate 68 kg of marijuana, $32,000, and 28 million Vietnamese dong. The office detected an arms shipment coming into Vietnam in April of 1995 and confiscated many K-56 guns and a large amount of ammunition. Worthy of note was the arrest of Le Thi Nhan and Phung Van Ha, who infiltrated into the border area to persuade soldiers of the former Saigon puppet regime to carry out sabotage activities. One of the outstanding achievements of the Scouting Office was the foiling of plans H-194 and NC-94 of the reactionary forces. The office confiscated 19 original documents, seven video tapes, two audio cassettes, and 108 photos depicting a working session of the reactionary forces in exile to discuss plans to undermine Vietnam.

Thanks to its efforts and outstanding achievements, the Scouting Office of the An Giang Province Border Defense Force was awarded the Military Exploit Order Third Class. Three of its members were awarded commendation letters by the provincial people's committee and the military command.

Implementing the government's Directive No. 135, the Scouting Office prosecuted three cases to ensure law and order, confiscated and returned to the people 40 million dong, recovered a stolen handgun belonging to the Van Giao village party committee secretary in Tinh Bien District, and investigated the Song Ba Vessel of Haiphong for illegally carrying 200 tonnes of rice for sale to a foreign country. The office also handed 19 criminals over to the local police, reeducated 41 others, and helped the provincial border defense force to collect fines worth 35 million dong.

Thanks to its outstanding achievements, the Scouting Office of the An Giang Province Border Defense Force became the Determined-to- Win Unit in 1995.

SRV: Burma Requests Hanoi Support for ASEAN Observer

BK0802155496 Hanoi VNA in English
1511 GMT 8 Feb 96

[FBIS Transcribed Text] Hanoi VNA Feb.8 — Prime Minister [P.M.] Vo Van Kiet received U Mya Thein, member of Myanmar's [Burma] State Law and Order Restoration Council (SLORC) and Minister of Home Affairs and his entourage now on a working visit to Vietnam.

Prominent among those present at the reception was Bui Thien Ngo, minister of the interior.

After speaking about his Vietnam visit's aim, Minister U Mya Thein conveyed best regards and invitation from Prime Minister Than Shwe to Prime Minister Vo Van Kiet, Party General Secretary Do Muoi and state President Le Duc Anh to visit Myanmar. He said that his country wished to learn and exchange experiences with Vietnam in different fields and to further strengthen the multi-faceted relationship between the two countries. He said that Prime Minister Than Shwe asked Vietnam to support Myanmar to become an ASEAN observer in the coming period.

P. M Kiet welcomed the delegation's visit as a manifestation of the friendship, which would create favourable conditions for further promoting bilateral cooperation and mutual understanding in political, economic and security aspects. He asked the Myanmar minister to conveyed [as received] his regards to Prime Minister Than Shwe and other leaders of Myanmar, and accepted the Myanmar prime minister's invitation.

Regarding Myanmar's relations with ASEAN, the Vietnamese P. M. affirmed that Vietnam has constantly supported Myanmar's intention to set up close ties with ASEAN, as well as Myanmar's joining ASEAN as an observer or a full member. He expressed his hope that Myanmar will soon join ASEAN.

SRV: Activities of Portuguese Communist Leader Reported

BK0802012796 Hanoi VNA in English
1446 GMT 7 Feb 96

[FBIS Transcribed Text] Hanoi VNA Feb.7 — General Secretary of the Communist Party of Portugal (CPP) Carlos Karvalhas left here yesterday, concluding his six-day official visit to Vietnam.

While here, the Portuguese leader and his entourage held talks with party General Secretary Do Muoi and had a working session with Dao Duy Tung, Politburo member and permanent secretary of the Communist Party of Vietnam (CPV) Central Committee.

After informing their country's socio-economic situation, and the CPP's policies and tasks, the Portuguese guests reiterated the solidarity and support of the Portuguese communists and working people towards Vietnam's revolutionary cause. They spent much time to study the Vietnamese party's renovation policy and its experience in carrying out renovation in various fields and the party development work.

Vietnamese party leaders compared notes with their counterparts on regional and international issues of common concern, and informed them of the preparations for the Eighth Party Congress and the production relationship in the market oriented economy along the socialist line, the orientation for national industrialisation and modernisation and the implementation of the 'hunger elimination and poverty alleviation' programme in Vietnam. They reaffirmed the CPV's firm stance to follow Marxism-Leninism and Ho Chi Minh's thoughts, and to maintain the friendship between the CPV with other communist and workers' parties across the world.

The Portuguese delegation made tours of Hanoi, the northern province of Ha Tay and Ho Chi Minh City, during which they met with secretaries of the party organisations of these localities. Earlier it also had a working session with officials from the Vietnam union of friendship organisations.

SRV: Radio Previews Vietnam-India Intergovernmental Meeting

BK0802142096 Hanoi Voice of Vietnam in English
1000 GMT 8 Feb 96

[Radio commentary]

[FBIS Transcribed Text] Vietnamese Foreign Minister Nguyen Manh Cam, chairman of the Vietnam Subcommittee, will lead a Vietnamese delegation to the seventh meeting of the Vietnam-India Inter- Governmental Commission on Economic, Scientific, and Technological Cooperation to be held in New Delhi from 23-26 February. The two sides are expected to sign some agreements on economic, scientific, and technological cooperation. In this connection, the Voice of Vietnam has this comment:

As the previous session, this time Vietnam and India will review the implementation of the signed agreements and find ways to further promote bilateral cooperation in various fields of their potential.

Vietnam and India have a traditional relationship. India is one of the countries which had political, economic, and trade relations with Vietnam very early. India has always provided Vietnam with support and assistance at difficult times and leaders of both countries have exchanged visits to discuss developments in the region and the rest of the world. The two sides have brought their economic ties to the same level of that of traditional political relations.

Through such activities, the two countries expect to further promote their comprehensive cooperation. They have achieved considerable results in implementing agreements on trade, economic, scientific, technical, education, and training cooperation. In recent years, India has helped Vietnam train staff members of agricultural production, textile, consultancy, nuclear energy, and other branches. Two-way trade turnover, though still modest, reached over $100 million.

Business circles remark that the trade potential between the two countries is very promising. At present, both sides are pushing up their cooperation in oil and gas exploitation and processing. Indian businessmen are very interested in Vietnam's trade potential. More and more Indian companies have opened their representative offices in Vietnam. Some even came to Vietnam 15 years ago. With traditional relations, it is expected that through the coming seventh session of the Inter-Governmental Commission, the two sides will find appropriate measures for further development of their comprehensive relations.

SRV: Binh Dinh Province Starts Printing NHAN DAN Newspaper

BK0802141696 Hanoi NHAN DAN in Vietnamese 4 Feb 96 pp 1, 4

[Report by P.V.]

[FBIS Translated Text] To mark the 66th party anniversary (3 February 1930-3 February 1996) and the 45th anniversary of NHAN DAN newspaper, and to implement the policy of the party Central Committee Secretariat, the NHAN DAN editorial staff, the Binh Dinh province party committee, and the Postal Service General Department set up a new modern printing facility for the NHAN DAN newspaper in Quy Nhon city of Binh Dinh province. After active preparations, 3,000 special copies of NHAN DAN marking the party anniversary were successfully printed on 3 February 1996 by the Binh Dinh Printing House. The printing time and quality of these copies are equal to those of copies printed in Hanoi.

On the morning of 3 February, the Postal Service General Department and the party committee, the people's council, and the people's committee of Binh Dinh and representatives of other central provinces joyfully inaugurated the Binh Dinh printing facility. Comrade Huu Tho, member of the party Central Committee and editor in chief of the NHAN DAN newspaper, sent congratulations to the Binh Dinh party committee, the people's committee, the printing house, and the local post office.

So far, the NHAN DAN newspaper is printed simultaneously at six facilities throughout the country. They are in Hanoi, Vinh, Da Nang, Quy Nhon, Ho Chi Minh City, and Can Tho. These printing facilities create favorable conditions for early distribution of the newspaper to its readers.

SRV: Paper Urges Closer Control Over Budget Spending

BK0202152496 Hanoi NHAN DAN in Vietnamese 12 Jan 96 p 1,4

[Editorial: "Provide Closer Guidance For Budget Revenue Collection and Spending"]

[FBIS Translated Text] The first year in which we will be implementing the 5-year (1996-2000) socioeconomic development plan is 1996. Meeting the National Assembly's criteria for budgetary revenue collection and spending is a central task.

It is impossible to develop a plan for spending if there is no budgetary revenue collection. Taxes are the main source of revenue for the budget. Although the amount of taxes collected in 1995 was higher than in 1994, it was still below the planned target. The collection of certain kinds of taxes, such as export-import, land- use, and state-run industrial and trade business taxes was still far below the planned target, and there was a large shortfall in collection.

In 1995, there were approximately 1.11 million private businessmen in the country as a whole, but only 87 percent of them paid taxes. Only 52 percent of their actual transactions were taxed. There were 23,000 private businesses, corporations with limited liability, and share-holding corporations registered in the country as of September 1995. Yet, the Revenue Service has only been able to exert control over approximately 82 percent of them. This shows that tax collection shortfalls in this area are very large. Meanwhile, a number of state-run businesses have not set good examples in performing their tax payment duty. Inaccurate and inadequate tax collection has led to an imbalance in spending. The amounts of savings and investment from the budget are, therefore, still very low.

Greater capital is needed as the country shifts to a new stage of development in the direction of industrialization and modernization. In order to ensure rapid yet stable development, we must be fully aware of this motto: "Domestic Capital is Decisive While Foreign Capital is Important." Therefore, we must strive to practice thrift in order to rapidly increase our savings. Meanwhile, we must promote domestic capital investment and budgetary savings and investment, including the savings and investment from various businesses and the people. Along with spurring economic growth, we must satisfactorily carry out the tasks regarding revenue collection and expenditures in accordance with the planned targets. Based on the economic results obtained by each economic component, we must scrap the subsidy system that has provided unnecessary compensation for sustained losses. This will help us to increase the sources of revenue, both from the state-run and non-state economic sectors.

As for other revenue sources, we must also exploit their actual potential to the fullest, increase savings for the economy, and actively fight corruption, smuggling, and wastefulness. We must resolve to carry out planning for budgetary expenditures within our revenue collection capability and must not plan expenditures (except for unexpected or special expenditures) on the basis of uncertain sources of revenue, as this may lead to a state of uncertainty and upheaval that will have a negative impact. We must strive to practice thrift by scaling down unnecessary routine expenditures in order to increase our development investment. This must be regarded as a target to be achieved by various echelons and sectors.

As an immediate task for the first quarter of 1996, we must actively mobilize various sources of revenue. We must proclaim the right during the early days of the first quarter to declare the amount of tax to be paid by various state enterprises and must take steps to control the proportion of cash awards derived from the budget in order to promptly avert above-quota disbursements during the traditional Tet new year. We must struggle against attempts to include irrational expenses and dishonestly declare the cost of production and business in order to earn a tax reduction. We must fight against attempts to file late tax returns and must prevent a situation in which a state enterprise runs out of money and is therefore unable to pay tax because it has let its fund be misused by customers. Meanwhile, we must keep a close watch on production and business activities of the non-state economic sector, closely control tax payers, and guard against attempts to dishonestly declare one's income, against the failure to satisfactorily comply with the accounting system, and against the careless attitude toward tax payment.

We must intensify control measures in budget spending, renovate the state budget allocation system, and ensure that all budget spending be strictly scrutinized and controlled before, during, and after a budget allocation. The budget must be spent on the right purposes and targets in an effective fashion and in accordance with approved budget estimates. We must come up with a system that links individual material liability with a failure to comply with the budget expenditure system and policy.

Strictly complying with the directive of the party Central Committee Secretariat on close guidance for budget revenue collection and expenditures and ensuring the fulfillment of the targets set by the National Assembly on this issue must be regarded as a central task of various party committee echelons, the administration, and mass organizations.

SRV: Oil Industry Sets Goal of 20 Million Tonnes by 2000

BK0502140796 Hanoi Voice of Vietnam in English 1000 GMT 5 Feb 96

[FBIS Transcribed Text] Vietnam oil industry aims to produce 20 million tonnes of crude oil by the year 2000, rising to between 30 and 40 million tonnes during the following decade. It plans also to produce 5 million cubic meters of gas each day to feed the power plants in Lao Cai, Ho Chi Minh City, and Dong Nai Province. PetroVietnam intends to invest at least $5 billion between now to the year 2000 to achieve these goals.

Australia

Australia: BHP To Pass on Iranian Pipeline Deal Under U.S. Pressure

BK0802110396 Sydney THE AUSTRALIAN FINANCIAL REVIEW in English 8 Feb 96

[Report by Michael Gill and Fred Brenchley: "US Threats Force BHP Backdown" — received via Internet]

[FBIS Transcribed Text] Davos — BHP [Broken Hill Proprietary] is set to forgo its chance to join a $US1 billion Iran-Pakistan gas pipeline project because of the threat of economic sanctions by the United States Congress.

While the company has reacted angrily to the intervention of the US, it is believed that BHP is reconciled to the likely passage of laws penalising companies — including non-US companies — that join Iranian energy projects.

BHP managing director Mr John Prescott, speaking to The Australian Financial Review in Davos, hit out at US extra-territorial laws that would impose sanctions on his company for doing business with Iran.

"As a matter of principle we don't think countries should pass laws for international application," Mr Prescott said, commenting on the US Senate's Iran Foreign Oil Sanctions Act.

"But if the US has a law which effects our operations we will respect that law."

The US legislation was passed in its Senate on December 21 and is expected to face little opposition from either the Congress or from President Clinton. Its effect would be to deny any foreign companies the ability to conduct business in the US, including banking and other financial transactions.

BHP has a substantial presence in the US which is soon to be expanded by its $US3 billion ($4 billion) takeover of Magma Copper. In addition, the company's financing has a strong US dollar base, notably in its ADR listing on US stock exchanges.

With its substantial existing profile bolstered by the Magma deal, any significant threat to its US presence would be a huge problem for BHP.

"That would be the end of the issue," one observer close to BHP said yesterday.

In a letter sent to the company this week, powerful New York Senator Alfonse D'Amato has threatened use of the new extra-territorial law if BHP went ahead with a deal to run a gas pipeline from Iran to Pakistan.

Senator D'Amato was responding to reports asserting that BHP and others planned to finalise the pipeline deal quickly in an effort to circumvent the US legislation. Mr Prescott said BHP was "nowhere near" signing any agreement to develop the pipeline.

The deal was still at the exploratory stage, Mr Prescott said, and this would not change because of any US bill.

"With or without this bill we would not be signing anything in the foreseeable future," he said. "We will respect US law. But the Australian Government has a different policy on Iran, and we certainly will respect that policy."

Emphasising that the Iran deal was not on BHP's "horizon" at the moment, Mr Prescott made it clear that the company would be making representations on the proposed new US law.

According to an Iranian Government announcement on January 17, 123 international companies had expressed interest in a new round of Iranian energy developments. A spokesman for the National Iranian Oil Company, Hojatollah Ghanimi Fared [name as published], avoided naming the companies, on the grounds that "the United States may impose sanctions against them".

Subsequent reports have indicated that Gaz de France, British Gas, BHP, Malaysia's Petronas [National Petroleum Corporation], and Nova of Canada had prequalified for the pipeline proposal.

No US oil companies have interests in Iranian energy resources.

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